The Bankers magazine

The BANKERS MAGAZINE

TITLE REGISTERED IN U. S. PATENT OFFICE

67TH JANUARY 1913 Year

SPECIAL FEATURES

EDITORIAL COMMENT

A NEW BANK'S UPHILL FIGHT FOR DEPOSITS

OUR SAVINGS BANK SYSTEM

PRACTICAL BANKING

LEGAL DECISIONS OF INTEREST TO BANKERS

INVESTMENTS

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FOREIGN BANKING AND FINANCE

THE NEW GRAND CENTRAL TERMINAL

BANKING AND FINANCIAL NOTES

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$5.00 A YEAR—50 CENTS A COPY

PUBLISHED MONTHLY BY

THE BANKERS PUBLISHING CO.

[illegible], PRES. W. H. BUTT, VICE-PRES. G. T. LINCOLN, TREAS. [illegible] R. DUFFIELD, SEC.

BOSTON NEW YORK CHICAGO

THE

BANKERS MAGAZINE

VOLUME LXXXVI

JANUARY TO JUNE

1913

NEW YORK
THE BANKERS PUBLISHING CO., PUBLISHERS
253 BROADWAY

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THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR | JANUARY 1913 | VOLUME LXXXVI, NO. 1

The Proposed Land Bank

MUCH interest naturally attaches to the action of the recent conference of Governors of the States looking toward legislation for the establishment of some kind of a national mortgage bank in this country. Perhaps it would be more accurate to say that the States, if they legislate at all on this subject, will establish a system of local mortgage banks, and these will be in some way linked together as part of a system of land-credit banks, the main organization possibly being established under a Federal charter.

No doubt the proposal contains great elements of popularity. One of the surest paths to the heart of the majority of the American electorate is to be found in a plan of some kind for the supposed benefit of the farmer.

Farmers constitute one of the most important divisions of those who are laboring for the production of national wealth, and the politician is in no wise censurable for seeking to do something, by legislation, for the farmer, and he would be a shallow observer indeed who failed to recognize that our farming interests have been immensely helped by various legislative measures enacted by the State and Federal Governments.

Regarding the need for anything in the way of a national mortgage bank the whole problem would seem to hinge on the answer to these two questions:

(1) Are the present means of obtaining farm credits inadequate?

(2) Would the proposed system afford the desired relief?

Within the past few weeks it has been the privilege of the editor of this MAGAZINE to talk with a number of bankers throughout the Middle West on these questions.

The opinion has been quite generally expressed by these bankers that the American farmer to-day is the most independent member of the community, that he is getting his full share of credit and at a reasonable rate.

If this answer to the first question is correct, there is no use trying to answer the second one.

But while the bankers expressing these views were men of great practical knowledge and reside in a section where they have ample means of judging of what they speak, we cannot regard their views as conclusive, and for several reasons.

In the first place, as bankers are supplying the farmer with the credits he now gets, it is not likely that the banker, would be in a position to take an unprejudiced view of the matter.

Again, the bankers interviewed were in Wisconsin, Minnesota, Iowa and Nebraska—sections in which farmers are exceptionally well situated, as a rule. Would the same story be told could all the bankers of the country be asked to give their views?

It is the opinion of the bankers with whom we have talked recently that the

farmer is getting all the credit to which he is legitimately entitled, and at a fair rate. If credit facilities are not ample, they claim, it is because of bad farming and poor security.

The statement is attributed to James J. Hill of St. Paul that the reason the German farmer gets loans at a lower rate than the American farmer is because the German farmer is raising thirty bushels of wheat to the acre and increasing the yield, while the American farmer is raising thirteen bushels and the yield is decreasing. The bankers say that the proper way to reduce the rate the farmer must pay for credit is to help him to increase his output.

Any inquiry on this subject that did not embrace the bankers of various agricultural sections would be inconclusive as representing the views of the bankers of the whole country, and would be manifestly imperfect unless the opinions of representative farmers were also obtained.

In many parts of the country, where farming is highly developed, where the soil is fertile and where the farmer has become prosperous, there can be little doubt that the existing banks are adequately caring for the credit needs of those engaged in farming. In the absence of more complete data, we should not like to assert that this condition is universal or so general as could be desired. But whether this is the fault of the banks, of the farmers themselves, or of conditions for which neither the farmers nor the banks are to blame—who shall decide?

One president of an old and highly successful farm mortgage company stated that, in his opinion, it all came to a question of judgment as to the character of security offered for a farm loan. He was unable to see how the creation of new machinery for making farm loans was to supply the place of this capacity for judging of the quality, of security offered.

Obviously, this point is well taken. But we think there is something more to be said. The company of which this gentleman is president is undoubtedly a good one, having a record of over forty years of successful business, during which time those who have bought its debentures, secured by carefully-selected farm loans, have never lost a dollar.

But to make a record like this known generally among investors is an expensive process. Unfortunately, there have been other farm loan companies with records far less creditable, and the memories of these linger in the minds of investors, just as the memories of the bad State bank notes linger in the minds of some of the older bankers.

But under a properly devised system of mortgage banks—while nothing could supply the place of individual judgment on the part of those making the loan—local associations could be formed upon whom would fall the responsibility of errors for mistakes of judgment, and no doubt a plan could be formulated for a national mortgage bank whose debentures, secured by loans made by local associations, could be safely guaranteed by the mortgage bank, which in case of default would have the security with further recourse against the local association. Probably a system of this kind could be devised that would relieve the individual investor of the necessity of determining as to the value of the property constituting the basis of the loan, or of investigating the company issuing the debenture—he would not have to stop to think of either, just as the holder of a national bank note never troubles himself about the issuing bank or the security back of the note. He knows that a system has been formulated which makes the note safe.

Some Practical Illustrations of Our Imperfect Bank-Note System

QUITE recently a striking illustration of the actual operation of our present bank-note system was given us by a Western banker. He said that at the time when the banks of his city, following the action of the clearing-house association, had stopped paying out gold, a depositor of the bank, in good standing and with a substantial balance to his credit, came in and stated that he was going to make a trip up the country for the purpose of buying hay, and wanted to know if he could obtain a loan of $7,000 for this purpose. He received an affirmative reply. But when he came to ask for the gold (it being in a part of the country where gold is almost the only form of currency) he was told that he could not have it, but was offered certificates of deposit. He then asked if he could get the balance he had in the bank paid to him in cash, and amounting to about $8,000. He was told that he could not, as the clearing-house had adopted a rule against paying out any large amounts of cash while the conditions then prevailing continued.

Now, as a matter of fact, the bank in question at this very time had plenty of cash on hand, but was afraid to pay it out because a lowering of its reserve would not only invite local uneasiness, but would bring down upon the bank a warning from the Comptroller of the Currency to make good the shortage in legal reserve or take the consequences. Nor with this cash on hand and an immense volume of good securities could the bank help out its customer by issuing its notes to him, for to do that it would have had as a preliminary to invest an equal amount in United States bonds. Substantially, the certificates of deposit which it offered to its customer possessed all the attributes of a genuine bank-note, only they would not have looked like one and on this account alone would not have been accepted by the farmers whose hay was to be bought.

Had the depositor in this case been disposed to resort to extreme measures, he could have insisted on receiving his balance and might have compelled the bank to pay or be closed. But he did not take such a course. He saw that the bank was in a position where the law and the action of the clearing-house made it impossible to help him, however much the bank wished to do so. In consequence he suffered the loss of that season's business and whatever profit he would have made from it.

There is no question that this incident has its counterpart in the experience of bankers all over the country in times of financial stress; and while it is only in exceptional cases that banks refuse to pay their depositors on demand, they are over and over compelled to deny many good applications for loans because they can not, under our present law, convert, one form of credit into another that will readily circulate from hand to hand.

The banks are not to blame for this situation. When the people understand where the blame lies, they will demand a remedy and their demand will be heard.

The Impending Change of Administration

A CHANGE in the administration of the affairs of the Government, particularly when it involves an overturning in both the legislative and executive branches as in the present instance, is a matter of considerable interest and importance. It may involve a marked change in the country's foreign policy and a reversal of some of our present legislation on the tariff and

other matters. These departures may be wise or otherwise.

The opportunity that lies before Governor WILSON and his party to give the country a thoroughly sound banking and currency system is a very great one. There are few things he could do that would be of greater benefit to the people or that would reflect higher credit upon his Administration than the enactment of laws that would place our currency and banking system on a plane commensurate with our national progress and the general intelligence of our people. That indeed is no light task. It calls for patience, tact, patriotism and a high degree of statesmanship.

What a pity it will be if this magnificent opportunity for constructive statesmanship should be frittered away in a foolish quest of the supposed hidden secrets of the "Money Trust."

Since the collapse of the second Bank of the United States the country has had no carefully designed currency and banking system. After that event, we blundered along with State bank currency, some of it good and a great deal of it bad, deposits in pet banks, the independent treasury, and then when the Civil War came on, Secretary CHASE believed the banks were not able to care for the situation and consented to the issue of legal-tender paper. Later the national banking system was established and this has provided the country with thousands of excellent banks of deposit and discounts. The notes issued by these banks, based upon the public debt, have, however, been found poorly adapted to present commercial needs. Besides the equipment of the banks, their lack of coördination and other defects have become manifest with the vast increase in the number of banks and their growth in resources.

It may be said without political bias that the course of the Democratic party in recent years has not been such as to justify the hope that it will now pursue a sound course with respect to banking and currency. The party has frequently leaned toward greenbackism, free silver and other financial heresies. GROVER CLEVELAND, in his magnificent fight for the repeal of the silver-purchase act, antagonized many of the strong leaders of his party. As the national banks were a creation of the Republicans the Democrats have never regarded them with a very friendly eye.

But notwithstanding these considerations, which are not put forth with any desire to taunt the triumphant Democracy with its financial shortcomings, it does not seem improbable that the incoming Administration will favor an enlightened policy with respect to banking and currency. We can hardly believe that a man so broad-minded and well informed as Governor WILSON will turn his really great abilities in the direction of a campaign of persecution of the banks, but that he will lend his support to wise and well-considered measures for making the country's banks the most perfect servants of its commerce and industry.

We know that there are banks who do not share in this hopeful view, but it seems to us that it is the reasonable position to take until there is ground for believing otherwise.

Prejudice Against Rediscounting

NO argument is needed to show that among bankers in this country at the present time there is a decided objection to the practice of rediscounting. The item "rediscounts and bills payable" in a bank statement is looked upon very unfavorably by most bankers. True, there are some exceptions. Many Southern banks have long been in the habit of rediscounting in connection

with the cotton crop, and nobody thinks any the less of them for it. In fact, wherever rediscounting obtains as a fixed practice among the banks, there does not seem to be any objection to it.

In face of this prejudice against rediscounting it seems somewhat singular that so many bankers are claiming that what is really needed is the establishment of a rediscount center where banks may rediscount their paper. This rediscount machinery is to be supplied by the creation of a central bank. Just how a central bank is to whitewash the operation of rediscounting and change it from a black sin into a respectable virtue, we do not know. The problem is one for the psychologist. Perhaps it is thought that with a central bank rediscounting will become easy and popular, and will grow to be almost universal. When everybody is doing it nobody will notice it.

The rediscounting of a bank's paper may imply weakness, but not necessarily. It may mean—and under normal conditions in a bank should mean—nothing more than the bank has more good loans than it can care for at the moment. Rediscounting may be an evidence of active business and business of the best kind at that. A bank might have occasional heavy demand for temporary loans which it could not meet except through rediscounting, because the demand would not be permanent enough to justify an increase of capital.

If the banks were not afraid to incur the odium that attaches to rediscounting, a great deal of business of that kind could be carried on without the establishment of a central bank. There is nothing to prevent a bank from rediscounting now if it wants to and nothing to prevent a bank from doing that kind of business for its correspondents. A bank of rediscount would be at some disadvantage unless it possessed the power to issue credit currency; in other words, to exchange its own notes for the bills rediscounted, but this difficulty is not so great as appears at first sight. Should rediscounting become general, the bank credits thus created would tend to release a large amount of currency now in use and this would give the banks a larger margin of currency to send out if necessary. A large capital and a pretty heavy reserve in ordinary times would be essential to a bank extensively engaged in rediscounting.

The New Year

IF there is any hoodoo in the 13 contained in the new-born year, its spell can probably be thrown off by carrying in one's pocket the left-hind foot of a graveyard rabbit. The year will give an opportunity to the advocates of the cycle theory of panics to test the accuracy of that theory. It has been assumed by some financial philosophers that panics happen in this country about every twenty years; that is, the big panics, with a little one thrown in occasionally for good measure. If you take the notable panics that have occurred since about 1817, you will find that while the theory does not quite work out, the facts lend some slight apparent confirmation to it. The two most serious panics in this country in recent times—those of 1873 and 1893—were twenty years apart. Should the cycle theory govern, and twenty years be the time for a cycle to spin round, the next panic would be due this year. Frankly, we do not know why we should have a panic every twenty years. Why not say they should be forty, fifty or a hundred years apart? For no one knows why a panic should come at the end of any particular period of time.

The year 1912, which has been an eventful one, ends with business condi-

tions generally prosperous throughout the United States. Indeed the surprising statement is being made that the only ominous feature of the situation is that this prosperity will put an unendurable strain on the country's banking machinery, which is better adapted to the slow-going pace of a dull season than to the rapid movements of a time of prosperity. The fact is that our banking system—or, rather, our credit system—is to a considerable extent built up on securities whose value expand in dull times when money is easy and plentiful and shrink in prosperous times when money is in good demand. Thus these securities are sufficient to support a huge structure of credit when credit is not so much needed, but their value shrinks and their availability for the support of credit grows less and less just at the time when it is needed most and when it should expand instead of shrink. Were our credit structure imposed more upon commercial paper, of steady value, with a volume that diminishes with the decline in business and expands *pari passu* with the expansion of business, we should experience very much less difficulty. Our credit system is inverted, and this is one reason why our banks are coming to dread periods of prosperity—dread them in the sense that they know by experience that they are liable to overtax their credit facilities.

The new year opens hopefully in banking and business circles, and we should not wish to join the prophets of despair who think they can discern evil omens in the sky. But whether there are any clouds on the business horizon or not, it would seem the part of wisdom for those charged with the responsibility of legislation to take, without unnecessary delay, whatever legislative action that can be properly taken with a view to warding off from the country the remote possibility of our having again to pass through the distressing experiences of 1873 and 1893. We hope most sincerely that no such disastrous times will be experienced this year or any other year, but it would at least be wise to do everything possible to guard against them and not leave the country exposed to the possible repetition of their dire consequences.

Popular Interest in Banking Reform

DOES such interest really exist? Probably not, but it should, nevertheless. For in the final analysis it is the merchant, the manufacturer, the farmer and the wage-earner who is the one to whom such reform is of the deepest concern. If a bank is, by our present laws, so hampered and restricted that it must refuse a legitimate demand for credit, its own loss is trivial compared with that which the unsuccessful applicant for the loan may suffer. The bank loses a small amount of interest, but the would-be borrower loses the profit on the transaction for which the loan was sought, and indeed in some cases a refusal of credit at a critical time may threaten if not destroy his business existence. And if the merchant, the manufacturer or farmer should fail through loss of credit, the injury spreads through the ranks of labor. These are not fictions of the imagination, they are facts with which bankers and other observers of our business history are familiar.

In time of panic nearly all banks—and the great and strong ones almost invariably—can protect themselves. But under our present restricted banking system they can do so, in too many cases, only by denying credit to those who are fairly entitled to it and may perhaps sorely need it. Great banks weather the storms of a financial crisis, but in taking measures to protect them-

selves they are in many cases compelled under present conditions to pursue a course that strews the shores with the wrecks of mercantile houses and manufacturing establishments, entailing widespread ruin and distress. And at the very times when the banks are forced to refuse credit, they may have in their vaults millions of dollars which the law forbids them to use, millions of good securities which the law will not permit them to employ as a basis for currency that might save many a house from ruin and keep thousands of laboring men from losing their employment.

The banks do not take this course willingly, but under the pressure of the sternest necessity. They are bound by iron-clad legal restrictions which if they break may incur the penalty of a receivership.

Banks do not derive their profits from refusing good loans, but from granting them. They know that the refusal of a safe loan to one who is a regular customer may very likely cause the bank to lose his account.

If the merchants, the manufacturers and the wage earners are most vitally concerned in the enactment of such banking legislation as will enable the banks to prevent the disasters to which we have referred, why do they not insist that Congress so improve our banking laws that the banks may be in a position to render better service to the people? In too many cases the very ones who are most interested in the betterment of our banking laws look with suspicion upon every proposal made for the improvement of these laws. They think it only a move to give the banks some undue advantage. A great deal of the present restrictive bank legislation rests upon the theory that it is necessary to tie up the banks in this way to prevent their getting the upper hand.

Now, in a democracy, where legislation rests upon the popular demand for it, we see no way of mending the state of affairs referred to save through the dissemination of correct information among the people. When this is done we shall have sound banking legislation. We are not very hopeful that we shall have it until then.

Great Growth of Banking in the United States

COMPTROLLER MURRAY'S recent report shows a really astonishing growth in the number, capital and deposits of the banks of the United States. In the face of the political hostility to banks—cultivated and encouraged, we suspect, largely for political purposes—no one ever stops to enquire why, if the banks are such enemies of the people as this hostility indicates, do the merchants, the manufacturers and the farmers (an Iowa banker told us recently that seventy-five per cent. of the banks of that State were controlled by farmers) continue to patronize the banks, and why do these institutions show the immense popularity among all classes of people that the comptroller's figures of growth indicate?

The truth is, of course—and the politician himself knows it—that the banks are not enemies of the people, but that next to the natural resources of the country and the energy and industry of our citizens, there is perhaps no factor that has so effectually contributed to the development of our national prosperity as the thousands of independent banks.

This being so, it would seem to be about time for cheap and foolish political assaults upon the banks to stop, and for Congress to take careful and earnest thought of how to adapt our

banking system to the constantly-growing demands of American production and trade.

Municipal Banking

ACCORDING to a newspaper dispatch a proposal was made at the session of the Washington League of Municipalities, held at Wenatchee on December 13, to establish a municipal bank. The proposal was made in the course of a discussion on the investment of city funds. A delegate declared that a bank operated by the city was worthy of consideration. "He pointed out," according to the dispatch, "that the city of Seattle, with a surplus of over $3,000,000, had decided to invest some of its funds in its own securities, thus securing six and seven per cent. interest instead of one and one-half and two per cent."

The purchase of some of its own securities, out of abundant surplus revenues is quite a different thing from the establishment of a municipal bank. Probably if a bank of this character were established it would be a practical impossibility to keep its management out of politics. A man who had a loan at the bank would feel under the necessity of maintaining the ruling political party in power. A change in party government might result in a quick calling of his loan. The success of an applicant for a loan from the municipal bank might depend less upon his own business capacity and the quality of his collateral than upon his standing with the local district leaders.

Whatever may be the faults inherent in our present banking system, it can not be justly said that loans are made or refused to any considerable extent on account of a man's politics. It would be a very bad innovation that tended to change this wholesome rule.

The Crops Strain the Banks

WITH an almost unprecedented output of all kinds of leading farm products, the strain recently put upon our banking system in providing the currency and credit necessary to the moving of these crops has served in the most striking manner to call attention to the crudities and imperfections of the American banking system. "If we had had a poor crop," said a prominent Western banker recently, "our supply of credit and currency would have been abundant, but a big crop has made money and credit relatively scarce."

It certainly is an anomaly that big crops should make "hard times" at the banks. One of the axioms of banking is that the paper instruments arising from products on their way to the consumer constitute one of the best forms of commercial credit. When there is a big crop to be moved these instruments should be in abundant supply, and it would appear that the banks ought to be happy. But they have not been. Crops moving to the consumer have to be paid for, and there's the rub.

A great deal of the demand for both credit and currency in connection with the production and marketing of the crops could be met by permitting banks in the reserve cities to issue their credit notes. The issue of these notes against the commercial paper to which the marketing of the crops give rise would supply local demands for currency and would thus at the same time relieve the central reserve city banks of the necessity of depleting their own reserves, as they must do to supply this demand under our present imperfect bank note system. This would leave the central reserve city banks in a much better position to furnish the extraordinary amount of credit to which the crop movement gives rise.

Our Savings Bank System—Its Origin and Growth

By Arthur A. Ekirch.

AS far back as 1689, Daniel De Foe, an English merchant, suggested the establishment of a savings bank. He was a man who served his country better than he served himself and by so doing lost his own fortune, but died knowing he had served his fellow creatures.

De Foe's suggestion for the establishment of a savings bank, where the poor man could safely deposit his savings, was taken up in this country by a group of bankers, who organized the "New York Institutions for Savings," which was the first savings bank to organize in the United States.

In De Foe's time, the people were not so thrifty as our present generation, and for this reason his proposal did not meet with favor at the hands of his countrymen.

Soon after the organization of the "New York Institution for Savings" other groups of public-spirited men got together and organized savings banks, until to-day we have in New York State alone one hundred and forty savings banks of unquestioned stability, managed by men of character and business ability.

Progress of the New York Savings Banks.

During the past five years the salaried employees and wage-earners of New York State have saved and deposited in the savings banks two hundred and fifty-seven millions of dollars, regardless of the "high cost of living" and the closing down of numerous factories.

On January 1, 1907, two million, six hundred and eighty-six thousand depositors had on deposit in one hundred and thirty-five savings banks in this State, the sum of one billion, three hundred and sixty-three millions of dollars, an average of five hundred dollars for each depositor.

Passing on to 1912, we find that the savings banks increased in resources of over three hundred and sixty-two millions of dollars, or about twenty-two per cent.; while the expenses for maintaining these conservative institutions only increased about six and one-half per cent.

New York's Bankless Counties.

In looking over the accompanying statistics of the counties in New York, we find that twenty-eight out of a total of sixty-one have no savings institutions. This is a deplorable condition when we stop to consider that in these twenty-eight counties, over one million two hundred thousand inhabitants live, toil and save, and in order to deposit their savings they are obliged to drive ten or twenty miles to a county where the citizens are public-spirited enough to support a savings bank.

Take, for instance, the county of Herkimer, with a population of over fifty-six thousand. Surely here is a county sorely in need of a savings bank. Rockland county, which takes in the thriving city of Nyack on the Hudson, with a county population of over forty-six thousand, has no savings institution.

As we go deeper into the statistics we find that the real growth of the New York savings bank system has taken place in a few of the larger cities; new institutions were started when in reality they were but little needed. Where the banks are needed

and needed badly is up the State in the twenty-eight bankless counties.

Does the Mutual Bank Pay?

Numerous times has the question been asked: "Does the mutual bank pay, particularly if started in a small city in a small county?" The only answer to a question of that kind is that any line of business for which there is a legitimate demand pays if properly managed.

Table showing the counties in the State of New York, their population, number of savings banks in each county and their deposits:

County.	Population.	Savings Banks	Deposits.
Albany	173,666	9	$95,114,581
Allegany	41,412	None	....
Broome	78,809	2	8,734,210
Cattaraugus	65,919	None	....
Cayuga	67,106	2	10,280,348
Chautauqua	105,126	None	....
Chemung	54,662	1	731,528
Chenango	35,575	None	....
Clinton	48,230	None	....
Columbia	43,658	1	5,956,227
Cortland	29,219	1	4,303,095
Delaware	45,575	None	....
Dutchess	87,661	7	21,545,125
Erie	528,985	4	103,311,885
Essex	53,458	None	....
Franklin	45,717	None	....
Fulton	44,534	None	....
Genesee	37,615	None	....
Hamilton	4,373	None	....
Herkimer	56,356	None	....
Jefferson	80,297	2	12,329,666
Kings	1,634,351	21	293,460,174
Lewis	24,849	None	....
Livingston	38,037	None	....
Madison	39,289	1	3,393,621
Monroe	283,212	4	69,293,621
Montgomery	57,567	1	5,474,586
Nassau	83,930	1	2,052,421
New York	2,763,522	31	953,950,591
Niagara	92,036	2	6,801,699
Oneida	154,157	3	24,006,419
Onondaga	200,288	3	43,562,579
Ontario	52,286	1	563,73[illegible]
Orange	115,751	6	22,962,690
Orleans	32,000	None	....
Oswego	71,664	3	9,739,687
Otsego	47,216	None	....
Putnam	14,665	1	1,069,167
Queens	284,041	4	16,090,241
Rensselaer	122,276	1	13,219,847
Richmond	85,969	2	5,737,715
Rockland	46,873	None	....
Saint Lawrence	89,005	1	698,339
Saratoga	61,917	None	....
Schenectady	88,235	1	8,145,492
Schoharie	23,855	None	....
Schuyler	14,004	None	....
Seneca	26,972	1	946,438
Steuben	83,362	None	....
Suffolk	96,138	4	16,252,005
Sullivan	33,808	None	....
Tioga	25,624	None	....
Tompkins	33,647	1	4,067,295
Ulster	91,769	6	19,418,423
Warren	32,223	None	....
Washington	47,778	None	....
Wayne	50,179	None	....
Westchester	283,055	11	40,598,367
Wyoming	31,880	None	....
Yates	18,642	None	....
Greene	30,214	1	3,695,656
61	9,113,279	140	$1,827,507,287

The mutual savings bank not only offers to the public a safe place for the depositing of their funds, but extends to them indirectly a means whereby they can in time secure their own home. The mutual savings bank indirectly builds up the community in which it is situated by teaching the inhabitants to live within their means and to *save* first, last and all the time.

In conclusion, I urge upon those residing in the bankless counties to think seriously of the mutual savings bank, not as a stepping-stone to personal glory, not as a means whereby a place is provided for drawing a salary, but for the good of the townspeople and the upbuilding of the community.

The following figures, compiled from reliable sources, show that the mutual savings bank if properly managed can be made to support itself and pay back a percentage of the funds advanced by the organizers at the end of about ten years.

The Bank of Progressville was organized in 1905. During the first year the trustees, twenty in number, advanced the sum of seven thousand dollars. The earnings during the first year amounted to about twenty-five hundred dollars, while the expenses, including interest to depositors, amounted to six thousand dollars.

This same institution on January 1, 1912, showed an earning and expense sheet as given herewith:

Earnings:	
Bonds and mortgages	$26,000.00
Stocks and bonds	10,000.00
Int. from banks and trust companies	3,400.00
Other receipts	400.00
	$39,800.00
Expenses:	
General expenses for year	$8,000.00
Other expense	350.00
Interest to depositors at 3½ per cent.	27,000.00
	$35,350.00
Earnings over expenses for year	$4,450.00

The institution in question has deposits of about one million dollars and prior to 1912 had paid four per cent. per annum to depositors.

The board of trustees (20) contributed in all about one thousand dollars apiece and if conditions remain as they have been, I have been informed by one of the officials of the institution that at the end of next year a pro rata share will be returned to the trustees, together with such interest as they deem advisable.

The Value of the Liability Ledger

By Edgar G. Alcorn.

ONE of the most important books kept in a bank is the "Liability Ledger," yet in many banks such a book is not known. No doubt most of the larger banks in the cities find it necessary to keep this ledger, but few of the smaller banks do so.

The only record that most of these banks keep of notes discounted are the "Discount Register" and "Tickler." The "Discount Register" furnishes complete data concerning each note discounted, such as "date," "number," "maker or drawee," "security or endorsers," "where payable," "time," "due," "amount," "interest," etc.; but as the notes are entered in consecutive order as they are discounted, the several notes which may be discounted for one borrower will be scattered throughout the register. The "tickler" assembles all the notes due upon one date under that date, so that it is easily determined what notes are due upon any day of the week.

Except for the notes themselves this is the only record that many banks have of their discounts. There is no condensed record of each borrower's liability, either as principal or endorser. When it is desired to know the full extent of a borrower's liability it is necessary, in some cases where the notes are filed according to number, to go through the entire note case and list each note given by him.

Sometimes it is as important to know the extent of a borrower's liability as an endorser as well as a payer. When no further record is kept of the discounts it is a long and tedious job to secure this information, as it is necessary, whether the notes are filed alphabetically or numerically, to examine each note separately both on the face and on the back.

The "Liability Ledger" or "Discount Ledger" as it is sometimes called, is designed to show at all times the total amount of every customer's liability, not only as a direct borrower, but as an endorser for other borrowers. With such a record as this it is almost impossible for a bank to loan any one person or interest more than their responsibility warrants, unless they deliberately do so.

In large banks where borrowers discount a large number of notes running into thousands of dollars, the "Liability Ledger" is indispensable. In considering applications for loans or fur-

NAME	NO	ENDORSER FOR	DUE	AS PRINCIPAL	AS ENDORSER	REMARKS

FIGURE 1.

ther advances it makes a convenient and valuable reference for the officers of the bank and the discount committee.

In very small banks the cashier usually trusts his memory for the knowledge of a borrower's liability. Where the notes are not very numerous he may do so with comparative safety, yet the smallest bank will find it advantageous to keep a "Liability Ledger."

Many cashiers who have trusted this important information to their memories have, upon some occasions awakened to the fact that while a borrower may not have exceeded the limit as a direct borrower, the extent of his liability as an endorser for others has reached the danger point.

When a borrower has obtained advances up to the limit from his bank he sometimes resorts to various subterfuges to secure further advances. He may borrow the money in the name of another and appear only as an endorser. Or he may make arrangements with another to exchange notes. The "Liability Ledger" will enable the cashier to detect these little deceitful practices.

There are several different styles of the "Liability Ledger" used. Some of them are more or less incomplete, as they do not fully give the very information they are designed to give. Figure 1 shows a style kept somewhat on the Boston system. The names of the borrowers are written in alphabetical order at the extreme left-hand margin. Each page is ruled to show the name of the borrower, the number of the note, the name of the party for whom

NAME ______________________

DATE	PAYER	ENDORSED BY	NO	PAYER	ENDORSER	DUE

FIGURE 2.

he has endorsed, the date when the note is due, the amount of his liability as principal, and the amount as endorser.

The names on this ledger are written rather far apart, leaving room for five or six parallel lines between to accommodate the entries for several notes which may be discounted for the same borrower. This ruling is unsatisfactory for several reasons, one of which is that it does not permit entering the date of the payment of a note. To indicate that a note has been paid a heavy line is simply drawn through it.

The most unsatisfactory feature about this ledger is that each borrower does not occupy a page by itself. While the posting may be accomplished with greater rapidity, yet if the loans and discounts are at all active, the names of the borrowers will have to be rewritten quite frequently and consequently their position in the ledger is constantly changing. When a full page is given to the borrower his account stands out to a much better advantage.

Another style of ruling is shown by Figure 2. While this is somewhat of an improvement over the first, as the name of the borrower is written at the top of the page, yet it does not permit of such full and complete information as is often desired. The ruling, however, so far as it goes, is natural and convenient.

This ledger provides for entering the date the note was discounted, the payer or maker of the note upon which the borrower is liable as endorser, the number of the note, the amount of the note of which he is payer, the amount of the note upon which he is endorser, and the date upon which it is due.

The ledger would make a more satisfactory record if it had an additional column for recording the date of the payment of notes. It should also have columns showing the exact balance at all times of the borrower's liability as principal and endorser.

Figure 3 shows the ruling of a loose-leaf ledger used by some banks. When this style of ledger is used it is necessary, of course, to give each account a number besides a sheet number. The same advantages gained from the loose-leaf system of keeping the Individual Ledger may also be obtained when the same system is employed in keeping the Liability Ledger.

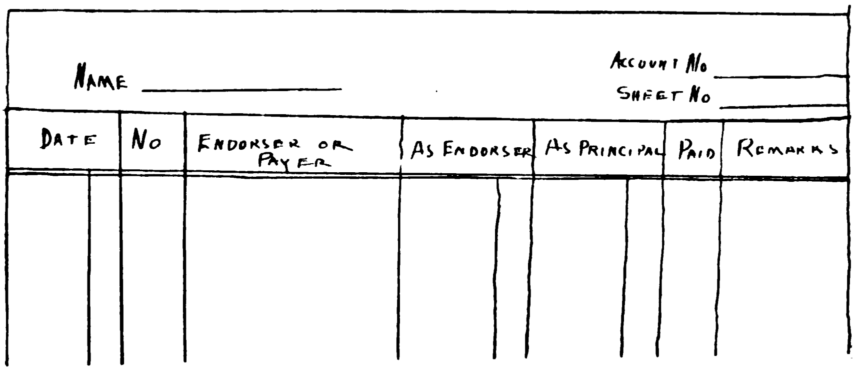


FIGURE 3.

A record that is complete in every particular so far as giving all the desired information regarding a customer's liability is shown by Figure 4. This ledger shows the customer's liability as payer and endorser in more detail than the other ledgers. Under each division it has three columns—"debit," "credit," and "balance." In the debit column is entered the notes on which the borrower is liable as payer or endorser. In the credit column notes are entered when paid. In the balance column the balance is entered after

NAME ____________________

BALANCE AS ENDORSER	AS ENDORSER		NO	DUE	ENDORSER OR OTHER SECURITY	AS PAYER		BALANCE AS PAYER
	DR	CR				DR	CR	

FIGURE 4.

each posting, just as checks and deposits are posted to the Individual Ledger and the daily balance carried in the balance column. While the ruling of this ledger is complete, yet the arrangement of the ruling is not entirely satisfactory to one accustomed to the usual form of ruling in other ledgers.

Figure 5 shows a form of Liability Ledger which probably makes the most satisfactory and complete record of any that has yet been devised. In easy and natural order it shows the date the note was discounted, the number, the endorser of the note upon which the borrower is liable as payer and the maker of the note upon which he is liable as endorser, and the date it is due. As in Figure 4 it has three columns in each division under the heads "as maker" and "as endorser." At a glance this ledger shows the exact total amount a customer is liable as both payer and endorser.

This form of ledger, combined with the loose-leaf feature, makes an ideal system of keeping these accounts. With such full and complete record concerning the liability of customers before them the officers or directors of a bank have no excuse for over-loaning any of its customers.

The accounts in the Liability Ledger are handled in very much the same way as depositors' accounts are handled in the Individual Ledger. When a loan is made to a customer of the bank an account is immediately opened with him on the Liability Ledger. An account is not only opened with the borrower himself, but also with each and every endorser who may appear on his note. Although a man may not have a dollar borrowed direct from the bank this ledger will show the extent of his liability as an endorser. Such information would prove of value in case the endorser should apply at any time for a

NAME ____________________

DATE	NO	ENDORSER AND MAKER	DUE	AS MAKER			AS ENDORSER		
				DR	CR	BALANCE	DR	CR	BALANCE

FIGURE 5.

direct loan, and also in considering the value of his endorsements on other obligations.

The posting may be done either from the Discount Register of direct from the notes themselves. Many prefer the latter method for the same reason that some bookkeepers prefer to post to the Individual Ledger from the deposit tickets and checks.

While hundreds of banks do not appreciate the value and importance of the Liability Ledger, those who once adopt it never discard it. The loaning of money is the most important function performed by a bank, and a full and complete record of the loans and discounts is more essential than other records which are kept with more care and precision.

A New Bank's Uphill Fight for Deposits

By Theo. L. Lee, of the Savings Bank of Minneapolis.

A CERTAIN community had experienced a long period of what might be termed just ordinary financial activity; and so when a new banking enterprise was launched it was perhaps the unusual that created such a lively stir. However, the opening of the new store, the building of the new mill and the starting of an additional factory had hardly aroused the same interest; and yet these undertakings were also unusual. Might it not, therefore, be fair to conclude that in this financial venture there was a little more at stake, there would be greater difficulties to overcome, there were greater risks to be taken than in the other lines of business.

The first rumors of the proposed new project met with general skepticism, but when these rumors were substantiated, amusement gave way to opposition in the form of discouraging arguments: "The territory is too limited"; "it can't stand the competition"; "it hasn't got the right men back of it"; "it will die of starvation." In the face of this first general repulse, however, the preliminaries went on; and finally the date arrived when the doors were opened to the public, and the battle of wits had commenced.

The smiling cashier, ready and eager to extend the glad hand of welcome, saw the day wear away and the long line of promised supporters fail to materialize. That happy gleam in his eye was less keen, and he was shocked to find that John Jones, who had especially urged that a second bank be started because he had a grievance against the old bank, had become so touched by the improved treatment of his old enemies that he had found it hard, as well as unprofitable, to sever connections. Peter Smith, whose enthusiasm for the new bank had known no bounds, had been shown how he could no longer continue in business if he opposed his old banking associates, and so he, also, was among the missing. The next day and the next straggled on in the same manner; and our troubled, but hopeful, cashier had come to this conclusion—old depositors, like old habits, stick.

Banking Business Built on Confidence.

The field of new business must eventually prove the salvation of the new bank; yet for weeks and months new people, too, went to the old bank (with an occasional exception), steering clear of the new bank because it had still to make for itself a reputation. What was lacking? Not the facilities, not the correct atmosphere, not the right

men; but confidence. And what a void this made, for the banking business is built on confidence. Here was the great dividing line between success and failure; and perceiving this, the new bank had early begun to direct its fight against anything which would tend to either withhold or fail to retain the confidence of the depositors. How could it be gained? How could the prejudice of the short life of the bank be wiped away?

Underlying the general routine of the bank's business, the new financiers had determined upon a policy—a central idea upon which to operate—and it was the saneness of this policy, and the adherence to it through thick and thin, which finally won for them the desired place in the public's estimation. Here is the foundation principle upon which they worked: "We are here to serve, not to be served; impartial treatment to be accorded all customers, be they large, or be they small."

This they had determined—that in banking, as in all other lines of business, the people must be accorded service; and further, in order that this service should continue unbroken, that among officers and men alike, there must exist absolute internal harmony. Every active member of the bank was made to remember that to a certain extent the success or failure of the bank depended solely upon him. He was made to feel that he was an important working part of a great machine; and that in fully shouldering the responsibility of his particular position, he was but moving in conjunction with the numerous other parts to the well being of the whole.

The services of the old bank, as already indicated in the case of Jones and Smith, had improved when the new bank was started. However, it is not easy to break away from old habits; and when they found that their new competitor was only meeting with indifferent success, they fell back into their old, neglectful ways. Customers were allowed to wait in the lobby until the easy-going tellers finally condescended to wait on them. No word of welcome was extended except to the very desirable depositors and to these only in a half-hearted manner. It was this very weakness which had in a large measure prompted the establishment of the new bank. When they saw their rival again falling back into the old rut they knew that their policy of service would finally win. Courtesy, promptness and despatch in handling the business over the counter, taking a personal interest in each customer, learning their habits—all entered into the policy of the new bank, and displayed to the community the human side of the banking business as it had never before been displayed in that locality. Hand in hand with this went the accurate and systematic handling of the business behind the counter. The customers were pleased, and their confidence in the institution increased, as they found they could transact business with it without friction. In clerical work the bank tried always to be right to the minutest detail.

Getting the Right Kind of Cashier.

The cashier is an important personage in any bank, large or small. Upon his executive ability will depend in large measure the harmonious workings of the force under him. His contact with outside affairs will have much to do in making friends for the bank. Through his ingenuity, little ways and means will be devised whereby these friends shall become substantial supporters.

The new bank under consideration was fortunate in the selection of its cashier. His enthusiasm made him an untiring worker and he realized that, to start with, he must devote extra time to his duties. It was not uncommon for him to be called away from the supper table to accommodate some good customer. More than one Saturday afternoon was spent in helping along a transfer of some business, thereby gaining a new customer. Long trips, with perhaps the president or one or two of the directors, were taken into

the country after closing hours and an acquaintance thus struck up with the farming element.

Slowly that invisible structure which we call total deposits, began to rise, very slowly at first, but faster as confidence began to grow out of that fixed policy of service and impartial square dealing. The combination of all the lines of effort produced in the years which had passed, brought about the desired results as naturally as water seeks its level. The new bank grew; and the fight was won.

The Transit Department and Bank Relations*

By C. B. Hazlewood, Assistant Secretary Union Trust Company, Chicago.

TRANSIT items are checks or drafts drawn on banks located out of town. It is the business of the transit department to collect these outside items, and until they are collected or lodged at some correspondent bank they do not count as a part of the bank's resources. A city bank of deposits averaging about $5,000,000 will have outstanding in the process of collection from $250,000 to $300,000 of such items all the time. The object of the transit department is to collect these out-of-town items as cheaply, as safely, and at the same time as quickly, as possible.

The cost of collecting these items not only includes the running expenses of the department, but also the exchange charged by country banks. The transit department cannot be profit-producing unless the exchange received from customers is greater than that paid out to correspondents after the running expenses of the department have been added. Careful and constant watching is necessary to keep down this cost of collection. This is where an experienced transit man can earn his salary.

The transit manager must not only look after the bank's interests in keeping down expenses, but must also safeguard the customers' interests by using strong and reliable banks as collection agents, by keeping after delayed remittances and by maintaining proper records. The very fact that the bank acts only as an agent for its customers in collecting their deposits will cause the bank to feel the responsibility of a careful selection of correspondents. Proper record of the endorsements, payees and amounts of items is also necessary so that duplicates can easily be secured of lost items.

One of the things that should be insisted upon is the direct collection of items. In fairness to the bank's customers every item deposited should be sent as near to its place of origin as possible. Delay arising from roundabout routing should be minimized, and in fact, it is a question whether or not a city bank would be liable in case a check was returned unpaid after floating around the country from bank to bank for an unreasonable length of time. It is generally agreed by good transit men that there should be no more than three bank endorsements on any item, and it is preferable to have but two, or one. Ordinarily a city

* An address delivered before the Baltimore Chapter, American Institute of Banking.

bank will collect two or three of the neighboring States direct, that is, send the items to the points of origin. For the territory farther away it is customary to send the items to collecting banks in other reserve cities where balances are maintained for this purpose.

The transit department receives items from two sources, through the mail in cash letters from bank correspondents and over the counter from city customers. All outside items are charged to the transit department, listed and then sorted by States or Territories. The sorting is done according to definite instructions resulting from arrangements made with other banks for the handling of the business. There may be one or more clerks, depending upon the size of the bank, to make up the cash letters containing these country items. In the larger banks it is customary to have the stuff divided into registers, so-called, each register having a certain number of accounts or a certain number of States. Each man balances up his own work against the total handed to him by the sorter.

One simple method of division for a small bank is to have two registers, one for items sent for credit, that is, to correspondents and the other for items sent for daily remittance, that is, to non-correspondents.

Problem of Exchange Charges.

Let us analyze for a moment this matter of exchange charges on country checks. It operates like this: Supposing a man in Charleston, we will say, buys a bill of goods from a jobber in Baltimore and sends the Baltimore house his check on a Charleston bank for the net amount of the bill. The Baltimore jobber deposits this check to his own credit with a Baltimore bank who charges him exchange therefor of, say, $1.00 per thousand. The Baltimore bank then sends the item to its Charleston correspondent who remits for it less $1.00 per thousand, if that is the regular charge. In this case the Baltimore jobber has paid a tax on the transaction; that is, the exchange charge, and has not, therefore, received the full amount due him. It is possible that the Baltimore jobber is a very good customer of his bank and in that case the Baltimore bank might choose to accept the check from him without exchange charge though the bank itself will have to absorb it. In this case the bank has paid a tax on the transaction with which, in fact, it had nothing to do.

It can be seen from this that the country merchant has transmitted the funds in a form worth something less than their face value, which you will agree is not fair to either the Baltimore house or the Baltimore bank. As a matter of strict equity a local merchant should do one of two things—either go to his home bank to purchase a draft for the amount, which is received at par through Baltimore, or send his check on his home bank plus the exchange.

The theory of exchange is that it is supposed to represent the shipping rate of currency. The use of a banker's facilities represented by the cashing of personal checks or the sale of a banker's draft in order to transfer funds from one party to another located in different cities is worth something. Without these facilities it would be necessary for anyone making a payment in another city to send the actual currency from one place to the other. Working on this theory, it will be agreed that a bank is entitled to exchange charges, or, in other words, exchange is justifiable.

We have said that exchange charges are theoretically determined by the shipping rate of currency. As a matter of actual fact they are determined more by competition. In a one bank town the exchange charge is likely to be larger than in a town of two or three banks unless there is an agreement in force as to a common charge. An examination of the actual charges made by country banks shows a great many illogical conditions. You will frequently find that in the same county there is one bank remitting for items

at $1.00 per thousand, another in another town at ten cents per letter, and still another, perhaps, at par. Probably the shipping rate for currency will be about the same for all the banks in that locality.

The only alternatives for a city bank to adopt in cases where exchange charges are unreasonable are either not to accept checks drawn on the town or bank in question or to collect them through the express companies. Neither one of these alternatives is satisfactory from the standpoint of service. You have probably all heard about cases of exorbitant exchange charges made by country banks who, perhaps, have no competition and will charge all the trade can bear.

Probably the most satisfactory solution of the exchange problem comes through coöperation of banks in clearing-houses. Clearing-house rules regarding exchange charges for country items, if lived up to, help the member banks and also their customers. If all the banks in Baltimore, for instance, would adopt clearing-house rules regarding the exchange on country items, you would find that the accounts of city customers would be received on a more profitable basis and you would also find that your city customers would see to it that remittances were made to them from the country either in funds par in Baltimore or with the exchange added. If the country merchants, for example, were compelled either to buy drafts or remit plus exchange, the charge or tax would rest where it belongs. Right there is the nub of this whole exchange problem. The man who makes the check should pay the exchange, if there is any, and not the customer that receives it or the bank that collects it. Our experience in Chicago has been that our big jobbers and manufacturers have either insisted on Chicago or New York drafts or else have allowed for the exchange when billing their customers.

In some cities the coöperative or clearing-house idea is carried further. In Boston and Kansas City, for example, clearing-houses are collecting the items on their territories through the clearing-house. That is to say, all the banks in Boston, for instance, hand over and receive credit from the clearing-house every day for their items on almost every town in New England and one letter is sent out from this city to banks in each country town. This method saves labor and postage and also enables the city banks to obtain a low exchange cost for collection. Under this plan it is understood that if any city bank prefers to send its items direct to a town by reason of having a correspondent there it is at liberty to do so, and thus voluntary action is maintained.

Some kind of coöperation is needful in order to properly regulate and control this matter of exchange charges. Old transit men tell us that the cost of collecting country items is becoming larger year by year and country banks are forcing the city correspondents under stress of competition to more and more liberal terms. It is probably true that city banks are doing too much for their country correspondents in a great many cases and a very close analysis is necessary to determine that a reasonable profit is made on every account.

Transit Department and Bank Relations.

As we have previously stated the object of the transit department is to collect out-of-town items as cheaply, as safely, and as quickly, as possible. The officer in charge of bank relations in a city bank is not only supposed to see to it that these objects are accomplished, but he can also increase his own bank's deposits if he will use his transit items as a lever for getting country bank balances. A country bank is glad to get items on its own town from city banks for two principal reasons: first, it can charge a profitable exchange on them and, second, it helps to maintain a credit balance in its settlement with competing banks. If a country bank has a volume of items drawn on its neighbor banks larger than the neighbor banks have on it, it will, of course, have a credit balance

and will be in a position to dictate to the other banks how this credit balance shall be paid, whether by draft or in actual currency. It costs money to ship in currency, and on the other hand the ruling rates of exchange may be such that it is more desirable to have currency than a draft on New York or other reserve city.

Because of these two advantages country banks as a rule are desirous of receiving items on their own town, and as stated a city bank can use this fact to advantage if it has the business to send. It should be worth while for every city bank to keep an analysis of its total sendings on every important town in its territory together with exchange cost, so that it can know whether or not it is entitled to a balance.

You will find that the opinion is generally held among transit men and city bankers that the cheapest way to collect items for themselves is with a compensating balance; that is to say, it would probably be cheaper for a bank in Baltimore, for instance, to collect all its western items through Chicago by maintaining a balance there and having the items credited at par, than to pay exchange for daily remittance without a balance. The reason for this condition is a human one. A balance looks attractive to a city bank and increases its totals.

Considering further this line of thought, we find that banks in reserve cities frequently maintain reciprocating balance; that is, a bank in Baltimore will keep an account in Chicago, collecting western business through its correspondent there, and the same bank in Chicago will maintain an account with the Baltimore institution, using the latter's services for the collection of southern items. On the face of things it would appear that the deposits of both institutions did not show a real increase, assuming for the sake of argument that the balances carried were of about the same amount. The arrangement is perfectly legitimate, however, and the deposits should be counted as reserve for both banks if there is a basis of service at each end; otherwise not.

Country bank business, generally speaking, is usually not so profitable as city business. Country banks are asking for more and more and the competition between banks in the same city and between different cities is very keen. No country bank's account is worth anything to a city bank unless it is a profitable one, even though the deposits of the city bank may be swelled by the balance carried. Every city bank should see to it that every country bank account is carried on a profitable basis, and I have yet to hear of a case where a country banker would not listen to argument or reason if a careful and scientific analysis of his account showed it to be losing money. A scientific profit and loss analysis is necessary and desirable for every city bank handling out-of-town accounts. A city bank with such an analysis department, and that gives its customers painstaking, careful service and that attends to the special demands of its country banker friends as well as paying their drafts and receiving their deposits, should be able to increase its bank's business in a natural, satisfactory way and should show a reasonable profit when the figures are cast up.

Country's Immense Banking Power

THE banking power of the country, represented by capital, surplus, profits, deposits and circulation, reached during the year the enormous total of $22,348,707,000, a high record, showing an increase of 5.69 per cent. over 1911 and 27.8 per cent. over 1908. Since 1900 the banking power has increased 111 per cent., or more than doubled. During the last twelve years the number of banks has increased by over 107 per cent., and their volume of business as indicated by deposits shows an increase of over 127 per cent.

Recent Decisions of Interest to Bankers

Presentment

PAPER PAYABLE AT BANK—BANKING HOURS—WHEN PRESENTMENT SUFFICIENT.

Supreme Court of Colorado, Oct. 7, 1912.

ARCHULETA ET AL VS. JOHNSTON.

Where a note is made payable at bank it is sufficient that it be presented there during banking hours, and it need not remain at the bank during all of the day of maturity.

THIS was an action upon a note payable at the Bank of Douglas, Arizona. The indorser defended upon the ground that there was no sufficient presentment and notice of dishonor.

HILL, *J.* (Omitting part of the opinion): It is contended that in order to bind the indorsers it must have been presented at the bank during banking hours on the day of maturity; that the evidence fails to disclose whether or not the note was presented before or after the bank closed, or during banking hours. It is further claimed that presenting it at the place of business of the maker was unwarranted, and could have no weight, so far as the indorsers are concerned; that the fair intent of the act requires that when the note is payable at a bank it must remain at the bank during all of the day of maturity, unless it is shown that the maker had no funds at the bank to meet it at any time during the day, that the burden of proving this was upon the plaintiffs, and, having failed to make proper proof, their case must fail. The contentions are not well taken.

Paragraph 3386 of the Arizona act (Civ. Code 1901) in part reads: "The instrument is dishonored by non-payment when: 1. It is duly presented for payment and payment is refused or cannot be obtained." The note was presented at both the bank where made payable and at the place of business of its makers the day it became due. The holder was advised by the manager of the company, in substance, that no provision for its payment had been made. The bank refused payment. It is true that there is no direct statement by any witness that it was presented at the bank during banking hours; but there is sufficient to draw a legitimate inference that such was the case. It has repeatedly been held, under similar or less convincing circumstances, that it must be so presumed until the contrary appears. Cayuga County Bank vs. Hunt, 2 Hill (N. Y.) 635; Columbian Banking Co. vs. Bowen, 134 Wis. 218; Fleming et al. vs. Fulton, 6 How. (Miss.) 473; Reed vs. Wilson, 41 N. J. Law, 29.

Promissory Note

PURCHASE AT DISCOUNT—NOTICE—BONA FIDE HOLDER.

Court of Appeals of Kentucky, Oct. 16, 1912.

HAM VS. MERRITT.

Under the Negotiable Instruments Law the mere fact that a purchaser takes a note at a large discount is not sufficient standing alone to deprive him of his claim to be a holder in due course.

THIS was an action upon a promissory note for $300 made by Mrs. Eva Merritt to the Southern Hospital Association, which transferred the same before maturity to Asa Brunson, who sold it to the plaintiff for $100. The question in the case was whether the plaintiff could claim to be a holder in due course.

HOBSON, *C. J.* (Omitting part of the opinion): The evidence is clear and

conclusive that Ham, in fact, paid Brunson $100 for the note, and there is an entire want of any other evidence to show that he had notice of any infirmity in the note, except the fact that Brunson sold it for $100. Brunson and Ham both lived in Tennessee, and neither knew Mrs. Merritt. While the fact that the note was sold for so small an amount might, with some other evidence, be of great weight, standing alone, it is not sufficient to show that Ham is not a bona fide purchaser.

Section 56 of the Negotiable Instrument Act (Laws 1904, c. 102) is as follows: "To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith." Under this statute the mere fact that the purchaser takes the note at a large discount is not sufficient, standing alone, to deprive him of its protection. Bothwell vs. Corum, 135 Ky. 766, Jett vs. Standafer, 143 Ky. 787, Montgomery vs. Bank, 16 Ky. Law Rep. 445.

Certificate of Deposit

TRANSFER IN PAYMENT OF GAMBLING DEBT—RIGHTS OF BANK CASHING SAME.

Supreme Court of Iowa, Oct. 16, 1912.

KUSHNER VS. ABBOTT ET AL.

The holder of a certificate of deposit in the ordinary form is not the owner of a specific sum of money held for him by the bank as bailee, but is the owner of a negotiable instrument.

Where a bank, acting in good faith, cashes a certificate of deposit issued by another bank, it is protected by the provisions of the Negotiable Instruments Law against the claim of the payee that it was transferred by him in payment of a gambling debt.

THIS was an action in equity to determine the right of the plaintiff to a certificate of deposit issued by the Commercial National Bank of Cedar Rapids and claimed by the First National Bank of Iowa City as indorsee for value without notice and in due course. The Commercial National Bank paid the amount of the certificate into court, and the decree of the lower court was that the First National Bank was entitled to the money. The plaintiff appealed.

The contention of the plaintiff was that the certificate had been delivered by him to one Dehner in payment of a gambling debt.

McClain, *C. J.* (Omitting part of the opinion): Plaintiff was not the owner of a specific sum of money which the Cedar Rapids Bank was holding for him as bailee, but he was the owner of a negotiable instrument issued by the Cedar Rapids Bank by which it obligated itself to pay to plaintiff or to the rightful holder of the instrument the sum of money called for. Mereness vs. First National Bank, 112 Iowa; Elliott vs. Capital City State Bank, 128 Iowa 275.

The First National Bank of Iowa City became the holder of this paper for value before maturity and without notice; for Dehner, being in possession of the paper and claiming it as his own, had apparent title by reasons of the blank indorsement of plaintiff and the bank acquired it in due course of business. The suggestion in argument, supported by citation of some of our cases, that absence of notice of defective title in Dehner, if his title was defective, was not sufficiently made out on the part of the bank's officers, is not supported by the record. The officers of the bank as witnesses practically admitted that Abbott had the reputation of being engaged in gambling, but they denied knowledge of any connection of Dehner with Abbott, and it nowhere appears that they had any notice of any connection of Abbott with any transaction involving the transfer of the certificate of deposit. It is clear that the bank was not charged with notice of any irregularity in the previous transfer of the instrument. Therefore the First National Bank must be protected as bona fide holder (see Negotiable In-

struments Act. Code Supp. §§3060a57-3060a59), unless its title is affected by the statutory provision (Code. §4965) that "all promises, agreements, notes, bills, bonds or other contracts, mortgages or other securities, when the whole or any part of the consideration thereof is for money or other valuable thing won or lost, laid, staked or bet, at or upon any game of any kind or any wager, are absolutely void and of no effect." The certificate of deposit itself was not affected by any gambling transaction, and the case of Alexander vs. Hazelrigg, 123 Ky. 677, in which it was held that a negotiable note executed in payment of a wager was void under a statutory provision similar to ours, although it had passed into the hands of an innocent purchaser entitled to the protection of the Negotiable Instruments Act, is not in point. We do not find it necessary to determine, therefore, whether the adoption of the Negotiable Instruments Law has modified our prior statute relating to gambling transactions so as to render valid in the hands of an innocent holder a promissory note or other negotiable instruments executed in connection with or in pursuance of a gambling transaction. The case from Kentucky just cited is apparently in conflict with Wirt vs. Stubblefield, 17 App. D. C. 283, which seems to be a leading case holding that the invalidity of a negotiable instrument executed in a gambling transaction will not defeat the rights of an innocent holder of such instrument. See article on the subject in 72 Cent. Law J. (1911) 264.

President

AUTHORITY OF—TERM OF OFFICE—BY-LAWS.

United States Circuit Court of Appeals, Eighth Circuit, August 19, 1912.

RANKIN VS. TYGARD ET AL.

(Syllabus by the Court.)

Subject to the free exercise by the board of directors of its power to remove him at its pleasure at any time, a national bank may, by its articles of incorporation and by-laws, fix the term of office of its president, or of any other ministerial officer, and the term so fixed becomes his legal term of office, although during that term he is subject to recall by the board under section 5136, U. S. Revised Statutes.

When a term has been so fixed, sureties on the bond to answer for the breaches of duty of a president during his legal term are not liable for his breaches under a subsequent appointment after the expiration of his term current when their bond was given.

The board of directors of a national bank may by a by-law restrict their choice of a president to its own members, even if others are eligible under the national banking law.

A national bank provided by its articles of association and by-laws that its board of directors should elect one of its members president of the association who should hold his office, unless sooner removed by a two-thirds vote of all the members of the board, for the term for which he was elected a director.

Held, if the restriction of the power of removal to a two-thirds vote was ultra vires and void under section 5136, United States Revised Statutes the other terms of the provision were valid.

Where a president of a national bank in actual management of its daily business made a note for $3,000, without authority, in the name of the H. Company by himself, its treasurer, placed it among the bills receivable of the bank, credited to the H. Company with $3,000 and paid $2,000 of it to the H. Company and $250 to another party, the proximate cause of the conversion of the funds of the bank was his act as its president, and not his individual act, or his act as treasurer of the H. Company, and that act was a breach of his duty lawfully to administer the office of president and faithfully to account for the moneys and funds of the bank.

Where the board of directors of a national bank has by resolution expressly authorized, or for a reasonable length of time permitted the president of the bank to participate in the actual management of its daily business affairs, his authority to discount commercial paper and to do other acts within the scope of the authority of its other ministerial officers is ample.

F. J. TYGARD, as principal, and John C. Hayes, J. M. Catterlin and Thomas J. Smith, as sureties, gave to the Bates National Bank of Butler, Mo., a bond in the sum of $10,000 conditioned that Tygard, who was the president of that bank, should faithfully discharge the duties of his office "during the legal term of said office," and that he should account for all funds which should come to his hands as such presi-

dent. Tygard was elected president on January 10, 1905, and again on January 15, 1906, in accordance with the provisions of the articles of association and by-laws of the bank to the effect that the members of the board of directors should be elected annually on the second Tuesday in January in each year, that this board should elect one of its members president of the bank, who should hold his office, unless he should be disqualified or sooner removed by a two-thirds vote of the members of the board, for the term for which he was elected as a director. The by-laws provided that the directors should, as soon as qualified, select from their number a president who should hold his office for one year and until his successor was elected and qualified, provided that the board, for good cause, might remove him by a two-thirds vote of all the directors. The receiver of the bank, which had become insolvent, sued Tygard and the sureties on his bond for a breach thereof which occurred in December, 1905, and for numerous breaches which occurred subsequent to January 16, 1906, and recovered upon the former, but failed to recover upon the latter causes of action because the court held that they did not occur during the term of Tygard's office which was current when the bond was given.

Before Sanborn and Hook, Circuit Judges, and Willard, District Julge.

Sanborn, *Circuit Judge* (Omitting part of the opinion): The contention of the receiver is that there can be no legal term of office of the president of a national bank because he is subject to removal at any time at the pleasure of the board of directors. They base this position upon the provisions of section 5136, U. S. Revised Statutes (U. S. Comp. Stat. 1901, p. 3455) to the effect that a national banking association has the power: "Fifth. To elect or appoint directors, and by its board of directors to appoint a president, vice-president cashier and other officers, define their duties, require bonds of them and fix the penalty thereof, dismiss such officers or any of them at pleasure, and appoint others to fill their places. Sixth. To prescribe, by its board of directors, by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed." Act June 3, 1864, 13 Stat. c. 106, p. 101, § 8; Revised St. U. S. § 5136, p. 993 (U. S. Comp. Stat. 1901, pp. 3455, 3456). The argument of counsel for the receiver is: The board of directors of a national bank has the inalienable power to remove the president of the bank without cause at any time. It cannot contract to keep him in office for any time certain. It cannot renounce or agree not to exercise its power of removal at pleasure. Therefore, it cannot contract that, subject to the free exercise of this power of removal at will, it will not continue him in office beyond a specified time without another appointment, nor that subject to the right to exercise its power of removal at pleasure it will continue him until that time. The premises of this argument, however, do not compel its conclusion. An election or appointment to an official position for a fixed term is, it is true, inconsistent with a removal during the term without cause in the absence of a precedent reservation of the right to make such a removal during the term. But an election or appointment to the office for a specified term subject to the precedent expressed condition that the elective or appointive power may remove at will at any time during the term is consistent with such a removal without cause and it is as much an election or appointment for a legal term as an election or appointment without such a reservation. It is an election or appointment for a fixed term subject to recall and the legal term is the time the person elected or appointed will hold his office if the power to recall is not exercised. Fresno Enterprise Co. vs. Allen, 67 Cal. 505, 509.

It is said that the articles of associa-

tion and the by-laws of this bank are ineffectual in this regard because they provide that the president shall be a member of the board and shall hold his office for a year unless sooner removed by a two-thirds vote of the members of the board. Conceding, but not admitting, that the act of Congress does not require, it certainly does not prohibit, the board from choosing one of its members president of the association, nor from adopting articles and by-laws to that effect.

Hence the only provision of these articles or by-laws that can be in any way inconsistent with any of the terms of the national banking law is the implied restriction of the power of the board to remove the officer at pleasure, which requires a two-third instead of a majority vote of its members to accomplish that end. But, if this restriction is not valid, it is simply ultra vires, and hence void. It is easily separable from the other provisions of the articles and by-laws.

They are, so far as they are not inconsistent with the acts of Congress, the law of the bank and under the familiar rule that, where a part of a law is void and a part valid and the void part is readily separable from the valid part, the latter may be sustained and the former disregarded, unless the void part is so connected with the general scope of the law as to make it impossible, if it is stricken out, to give effect to the apparent intention of the legislative body which enacted it, the restriction of the power of removal to a two-thirds vote of the members, if void, does not destroy or weaken the effect of the remaining provisions of the articles and by-laws and they must stand. The contention of counsel for the receiver, therefore, cannot prevail, and under the act of Congress and the articles of association and by-laws of the bank the legal term of its president current on July 22, 1905, when the bond was given, was from January 10, 1905, when he was elected, until January 15, 1906, when he was again elected, and the sureties upon the bond were not liable for his breaches subsequent to that date.

Cashier

PAPER PAYABLE TO—TRANSFER TO BANK.

Supreme Court of Wisconsin, Oct. 8, 1912.

SWANBY *vs.* NORTHERN STATE BANK.

The mere possession by a bank of notes payable to its cashier in his individual name does not enable it to maintain an action thereon against the maker.

THIS was an action to foreclose a mortgage. The mortgage and the notes which it was given to secure were payable to one Swanby, who had been the cashier of the Northern State Bank, and who died heavily indebted to the bank.

WINSLOW, *C. J.* (Omitting part of the opinion): Upon the principal question in this case, namely, the question whether the plaintiff or the bank was shown by the evidence to be the owner of the mortgage, there is no serious doubt. The notes were negotiable, payable to the order of Swanby and had never been (so far as the evidence shows) indorsed, assigned, or transferred either by writing or by parol to the bank or any third person. In the absence of other evidence, this proves ownership in Swanby. The possession of the bank was under no agreement of any kind with the payee. Mere naked possession of negotiable paper payable to order does not prove title. Andrews vs. Powers, 35 Wis. 644. The same result manifestly follows from the provisions of the negotiable instruments law. By section 1676-21, Stats. Wis. Sup., it is provided that the holder of a negotiable instrument may sue thereon in his own name, and by section 1675, Id., the holder of a note payable to order is defined as the payee or indorsee in possession thereof. True, the payee of such a note may transfer it for value without indorsement, and in such case the transferee not only acquires the transferror's title, but also

the right to have the note indorsed (Section 1676-19, Stats. Wis. Sup.), but no such transfer was shown here. Mere naked possession does not prove or tend to prove it.

Collections

NEGLIGENCE—FORWARDING TO DRAWEE BANK.

Supreme Court of Ohio, June 27, 1912.

HILSINGER ET AL VS. TRICKETT.

(Syllabus by the Court.)

One who chooses a bank as a collecting agent impliedly agrees that the agency may be performed in accordance with such reasonable methods prevailing at the place of collection as have ripened into usage, not in conflict with the general law, although he has no actual knowledge of their existence.

Where a bank receives by mail from the payee a certificate of deposit issued by a distant bank, the payee stating in the accompanying letter that it is for deposit to his credit, and asks for a deposit slip and two or three checks, the said payee never before having had any account or dealings with the bank, and the bank responds by mail, acknowledging the receipt of the certificate and advising that credit has been given his account, and a slip is inclosed, showing that the certificate has been deposited to the payee's credit, and also inclosing two or three checks, and no other request is made or answer given, the transaction does not, in law, amount to a purchase of the certificate by the bank, but is a receipt of the same for collection only.

Usage of banks prevalent in the vicinity, and generally followed, are presumed to be reasonable, and the burden of showing them unreasonable is upon the one who assails them; the question being, not is the custom reasonable, but has it been shown to be unreasonable.

A deposit with a bank of a certificate of deposit issued by a distant bank, by the payee, with request to credit same, no other request or instruction being given, implies that the proceeds of the certificate, when collected, are to be deposited to the party's credit, and then subject to his check, and not remitted otherwise to the depositor.

It is not negligence per se for a bank which has received a certificate of deposit for collection to send it by mail to the bank issuing the same, with a request for payment, where such is the custom among banks and there is no other bank in the town where the certificate was issued.

It is not negligence per se for a collecting bank, in the absence of instructions to the contrary, to accept in conditional payment of a certificate of deposit a draft or check of the issuing bank, where such is the custom of banks in the vicinity.

THIS action was brought to recover the amount of a certificate of deposit forwarded by the holder for deposit. The facts and the points decided are sufficiently stated in the official syllabus above.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Certification—Power of Cashier to Certify—Teller

CHICAGO, ILL., Nov. 23, 1912.

Editor Bankers Magazine:

SIR: We received the other day a check on a bank in a neighboring town, which appeared to have been certified by the cashier. While the bank is a small one, it still has a paying teller. Is the teller not the proper person to make the certification.

BOOKKEEPER.

Answer: While the duty of certifying checks is usually performed by the teller, this does not of itself affect the right of the cashier to do the same thing. In theory, the teller acts under the direction of the cashier, and in this, as in other matters, is merely the instrument by which the cashier performs a part of the functions of his office. Merchants Bank vs. State Bank (10 Wallace [U S. Sup. Ct.] 604.) In Cook vs. State Bank (52 N. Y. 96), the Court of Appeals of New York said: "The Cashier has a right, by virtue of his office, to make this certificate when the drawer has funds. He is the custodian of the funds of the bank and

of the books; he receives money and gives vouchers therefor; and whether upon receiving a check he pays it in money or gives the holder a certificate of deposit or draft, or a certificate that he will retain sufficient of the money standing to the drawer's credit to pay it when presented, he is in either case acting within the line of his duty and within scope of the authority which necessarily attaches to his office."

Deposits — Receipt of When Bank Insolvent - State Statute—National Bank

DES MOINES, IOWA, NOV. 20, 1912.

Editor Bankers Magazine:

SIR: Kindly answer the following through the pages of your magazine: If an officer of a National Bank in this state shoud receive a deposit when the bank is insolvent, would he be liable to be punished criminally under the State law?

TELLER.

Answer: No. This question was decided in the case of Easton vs. State of Iowa (188 U. S. 220), where the Supreme Court of the United States held that Congress having provided a symmetrical and complete scheme for the banks to be organized under the National Bank Act, the provisions of that law were not to be supplemented by State legislation and that it is not competent for State legislatures to interfere whether with friendly or unfriendly intent. In commenting upon the policy of the State statute, the court said: "Whether a bank is or is not actually insolvent may be, often, a question hard to answer. There may be good reason to believe that, though temporarily embarrassed, the bank's affairs may take a fortunate turn. Some of the assets that cannot at once be converted into money may be of a character to justify the expectation that, if actual and open insolvency be avoided, they may be ultimately collected, and thus the ruin of the bank and its creditors be prevented. McDonald vs. Chemical Nat. Bank, 174 U. S. 610. But under the State statute, no such conservative action can be followed by the officers of the bank except at the risk of the penalties of fine and imprisonment. In such a case, the provisions of the Federal Statute would permit the Comptroller to withhold closing the bank and to give an opportunity to escape final insolvency. It would seem that such an exercise of discretion on the part of the Comptroller would, in many cases, be better for all concerned than the unyielding course of action prescribed by the State law. However, it is not our province to vindicate the policy of the Federal Statute, but to declare that it cannot be over-ridden by the policy of the State."

Protest—Officer Signing as Notary

NEW YORK, NOV. 23, 1912.

Editor Bankers Magazine:

SIR: Is there any reason why the assistant cashier of a bank may not protest paper payable at the bank? X. Y. Z.

Answer: It has been held in a number of cases that an officer of a bank who is also a notary may protest taxes payable at the bank, even though the paper belongs to the bank. Nelson vs. First Nat. Bank, 69 Fed. Rep. 798; Moreland's Assignee vs. Citizens Savings Bank, 97 Ky. 211; Dyckman vs. Northridge, 1 App. Div. (N. Y.) 275.

Joint Note — Presentment of Partners as Makers

CLEVELAND, OHIO, NOV. 17, 1912.

Editor Bankers Magazine:

SIR: This bank discounted for A, a note made by B & C for $1,500. B & C are partners doing business under firm name of B & Co. When the note falls due must we present it to both B & Co. or will it be sufficient to present it to B alone. C resides in another town, and the note is not made payable at their place of business.

NOTE TELLER.

Answer: The Negotiable Instru-

ments Law provides: "Where the persons primarily liable on the instrument are liable as partners, and no place of payment is specified, presentment for payment may be made to any one of them, even though there has been a dissolution of the firm." (Sec. 3173 W. Ohio Act.) In the case stated in the inquiry, therefore, presentment to C is not necessary.

INVESTMENTS

Conducted by Franklin Escher

Former Standard Oil Pipe Lines

By Hunter Van B. Berg, of Pouch & Co.

THE pipe lines owned and controlled by the Standard Oil Company of New Jersey and its former subsidiaries embody a comprehensive system for the transportation of crude oil. This unbroken line of pipe continues north from Baton Rouge, La., through the States of Louisiana, Arkansas, Oklahoma and Kansas, bisecting the mid-continental oil fields in the last two States, and then turns eastward through Missouri, Illinois, Indiana, Ohio, Pennsylvania, Maryland, New York and New Jersey, with a large line running through the Appalachian Oil Fields, which are partly situated in Kentucky and West Virginia.

When the old Standard Oil Company was dissolved into its thirty-four component parts, each stockholder received his proportion of twelve different pipe line companies' stocks.

It might be of interest to give a very brief resumé of the records of these individual companies since last December:

The Buckeye Pipe Line Co. extends across the State of Ohio, with spurs into Cleveland, Toledo, Lima and Haskins, supplying Refineries of the Solar Company and the Standard Oil Co. of Ohio. Incorporated in Ohio in 1886, capitalization $10,000,000, $50 par. It has paid dividends of $5 per share on March 15th, June 15th, Sept. 15th and Dec. 15th. The high price was $203, and it is now selling at $178.

The Crescent Pipe Line Co. extends eastward from the Pennsylvania Oil Fields to Millway, Pa., where it connects with the National Transit Company lines. It does a small business when compared with the other companies. Incorporated in Pennsylvania in 1891, capitalization $8,000,000, par value $50. Paid $1.50 dividends March 15th, June 15th, Sept. 15th and Dec. 16th. High price $86, present price $67.

The Cumberland Pipe Line Co. is a small concern that gathers oil in Kentucky. It does no trunk line business, but turns its oil over to the Eureka Pipe Line Co. of West Virginia. Incorporated in Kentucky in 1901, capitalization $1,000,000. Paid one dividend of $6 on Nov. 30. High price $110, present price $73.

The Eureka Pipe Line Co. runs through West Virginia, doing both a gathering and trunk line business. Incorporated in West Virginia in 1890, capitalization $5,000,000. Paid a dividend of 10 per cent. May 1st, one of 10 per cent. August 1st, and one of the same amount November 1st. Earns 150 per cent. of dividend from collection of oil. High price $455, last price $395.

The Indiana Pipe Line Co. collects oil from the Prairie Oil & Gas Co. at the Illinois border line and runs it to the Standard Oil Co. of Indiana plant at Whiting, and also does a trunk line business through the State, besides a collecting business from the Indiana Oil Fields. Incorporated in 1889 in Indiana, capitalization $5,000,000, par value $50. Paid a dividend of 6 per cent. May 15th, one of the same amount August 15th, and one of 8 per cent. Nov. 15. High price $165, present price $153.

The National Transit Co. does both a trunk line and gathering business in the State of Pennsylvania. Its trunk lines with their connections supply the Vacuum Oil Co. at Olean, the Atlantic Refining Co.'s plants at Franklin, Philadelphia and Pittsburg, and also connects with the Standard Oil Co. of New Jersey, supplying the Bayonne Refineries and those at Baltimore. Incorporated in the State of Pennsylvania in 1881. Capitalization $12,727,575, par value $25. It has paid four dividends of 3 per cent. March 16th, June 16th, Sept. 16th and Dec. 16th. Its stock has sold up to $57 a share. The last price $45.

The New York Transit Co. does merely a trunk line business through the State of New York, from Buffalo to the northern boundary of New Jersey, where it connects with the Standard Oil of New Jersey and New York Co.'s lines to supply their refineries. Its gathering business is insignificant. Incorporated in the State of New York in 1892. Capitalization $5,000,000, par $100. Has paid three dividends of $10 each, on April 15th, July 15th and October 15th. High price $425. Present price $355.

The Northern Pipe Line Co. does no gathering business, but is merely a trunk line running through northwestern Pennsylvania. Incorporated in 1889 in Pennsylvania. Capitalization $4,000,000, par value $100. The company paid two dividends of $5.00 on July 1st and Dec. 16th. High price $170, last price $120.

The Ohio Oil Co. is mainly a producing company, owning wells in the Illinois and Lima Oil Fields. It has a pipe line running east to New Jersey where it supplies the Standard Oil Co. of New Jersey with oil for its refineries. This pipe line merely carries oil produced by the Ohio Oil Co. Incorporated in Ohio in 1887. Capitalization $15,000,000, par $25. It has paid dividends on March 20th, June 20th, Sept. 20th and Dec. 20th at the rate of $1.25 per share. High price for the stock, $145, last price $124.

The Prairie Oil & Gas Co. is also a producing company and owns valuable wells in the mid-continental oil fields situated in Kansas and Oklahoma. It runs its oil from these fields to the refinery of the Standard Oil Co. of Indiana, situated at Whiting. Capitalization $18,000,000, par value $100. Paid a dividend of 7 per cent. March 30th, one of 6 per cent. June 30th one of 6 per cent. September 30th, and one of 6 per cent. Nov. 30th. High price for the stock $350, last price $314.

The Southern Pipe Line Co. does entirely a trunk line business in southern Pennsylvania, receiving its oil from the Eureka Pipe Line Co. and running it east to Philadelphia, where it supplies a large plant of the Atlantic Refining Co. Incorporated in 1890 in Pennsylvania. Capitalization $10,000,000, par value $100. It has paid dividends of 6 per cent. March 1st, 6 per cent. June 1st, 8 per cent. Sept. 1st, and 8 per cent. Dec. 2nd. High price of stock $320, last price $270.

The Southwest Pennsylvania Pipe Line Co. receives some oil from the Pennsylvania oil fields, but most of its

business is trunk line, as it receives a large quantity of oil from the Eureka Pipe Line and carries it to Pittsburg to supply the Atlantic Refinery there, and turns some of it over to the Crescent Pipe Line to be transported east. Incorporated in 1885 in Pennsylvania. Capitalization $3,500,000, par value $100. It has paid dividends on April 1st, July 1st, Oct. 1st and Dec. 31st at the rate of 5 per cent. The stock has sold at $220, last price $175.

The business of pipe lines may be divided into two parts, trunk line and collecting oil from the wells. The latter, while very remunerative, is more speculative, for the reason that when the production of an oil field decreases or gives out the income from this source is entirely cut off. While many pipe line companies make a large percentage of their net revenue from gathering oil, some of the lines have been mainly constructed for trunk line business, and are, therefore, assured of continuous revenue, because if the oil in their territory gives out they transport oil from other localities.

To a good many people the situation regarding the power of the Interstate Commerce Commission over pipe lines seems to be considerably confused. Among the twelve pipe line companies that formerly belonged to the Standard Oil Co., only two, viz.: Prairie Oil and the Ohio Oil Co., have not always been under their jurisdiction. Prairie Oil Co. and the Ohio Oil Co. are both producing concerns and own pipe lines solely for their own use. All the other companies have regularly filed rates with this commission in accordance with their charters. It is thought, however, that in the event of a reduction of trunk line rates, which constitute only a part of the total, earnings would not be reduced enough to change the present dividends that are now being paid on the stocks of these companies.

Since these stocks were distributed to the Standard Oil stockholders they have enjoyed an excellent market, which has steadily improved. Last December when they were first traded in, the market was entirely "over the counter," that is, between houses with 10 to 20 points between the bid and asked prices. Now these stocks are quoted in all the daily morning and evening papers, with the bid and asked prices very close together. The trading in them has grown to such an extent that besides the "over the counter market" they enjoy considerable activity on the New York curb where a ready market may always be found. In fact, the market has grown so broad in these securities that banks who previously would not accept them as security for loans will now lend on them; this is partly due to the ready market which they now enjoy and also to the information that is gradually coming to the general public in regard to the value of their plants, capacities, earnings and dividends. As only one of these companies has any out-

standing bonds (Prairie Oil Co.) and the return on the investment at the present prices is as high as 11½ per cent., they appear, when carefully selected, to make most attractive investments.

The Railroad "Convertibles"

COMPILED BY HAYDEN, STONE & CO.

IN a period of doubt and hesitancy in the stock market the convertible bonds usually derive increased interest. Whether this will be true at present is more doubtful since several issues of railroad convertibles are already, because of the market position of the corresponding shares, selling well above their investment value. This is true of the Atchison convertible 4s of 1955 and the four per cent. convertibles of Atlantic Coast Line and Norfolk & Western, although the recent market decline has reduced the premium on these issues.

Among the convertibles which still give a fair yield and yet which carry a call of some attraction are the St. Paul 4½s, issued this year. These St. Paul bonds are not convertible until June 1, 1917, but the conversion privilege on the stock is at par, and if the St. Paul system makes the recovery in earning power that it now promises, the convertible bonds have ample possibilities for advance, while at the same time their interest rate and security give good protection against a decline.

In the Union Pacific convertible 4s there have been no conversions and a lesser market activity during the past two years. The conversion price on the stock is 175. These convertibles, however, also give a fair investment return at present price. They should appeal to purchasers of securities who have some expectation that the general market eventually will go higher, and yet who wish to have some protection against a decline. The Southern Pacific convertible 4s, with a call on the stock at 130, are in much the same position as the Union Pacific convertibles.

The New Haven convertible 3½s are now a much smaller issue, two-thirds of the original amount having been converted. They yield about four per cent on the investment at present and at a price of 90 carry a call on New Haven stock at a little above 135, the conversion rate being 150.

One of the most attractive convertibles from the standpoint of investment

return is the Chesapeake & Ohio 4½s, which yield a little over five per cent. at 93. Their conversion privilege is not so valuable, as the conversion rate for the stock is at par and Chesapeake & Ohio's highest price was 92, made in 1910. The stock is earning approximately seven per cent. and paying five per cent.

The issue of railroad convertibles in which the greatest speculation centres at the present time is the Atchison convertible 4s of 1960, the conversion privilege on these bonds beginning on June 1, 1913. This is also the largest issue of railroad convertibles now in the market, except for the Pennsylvania 3½s of 1915, which have not been active for several years. Present possibilities of the Atchison convertibles of 1960 are based on the probable price at which Atchison common shares will sell next June, when conversion begins. In the meantime these bonds are selling approximately three points below the current price of Atchison common.

A summary of the several issues of convertibles mentioned is given herewith:

		Original Amount	Now Outstanding	Conversion Begins	Conversion Ends	Conv. Rate
Atchison 4s	1955	$76,992,000	$18,872,000	Current	June 1, 1918	100
Atchison 4s	1960	43,686,000	43,686,000	June 1, 1913	June 1, 1923	100
Atlantic Coast Line 4s	1939	23,562,500	6,961,940	Current	Jan. 15, 1920	135
Norfolk & Western 4s	1932	25,569,000	5,017,000	Current	June 1, 1917	100
St. Paul 4½s	1932	34,893,500	34,893,500	June 1, 1917	June 1, 1922	100
Union Pacific 4s	1927	75,000,000	36,738,300	Current	July 1, 1917	175
Southern Pacific 4s	1929	81,137,000	81,137,000	Current	June 1, 1919	130
New Haven 3½s	1956	30,000,000	10,333,050	Current	Jan. 1, 1916	150
Chesapeake & Ohio 4½s	1939	31,390,000	31,390,000	Current	Feb. 1, 1920	100

The Tariff and the Market

By H. P. Taylor, of H. P. Taylor & Co.

THE next administration bids fair to consist primarily of a chronicle of events centering around and about the tariff. No one can now forecast what action will be taken after March 4 1913. This much can be assumed—a wide gulf will separate what party leaders may earnestly endeavor to accomplish in fulfillment of pledges made in the canvass and what Congress will ultimately grant. This is the record of tariff measures as a whole, the most prominent examples within the memory of the present generation being the Wilson-Gorman act of 1894 and the Payne-Aldrich disappointment of 1909.

General Winfield Scott Hancock, the Democratic candidate for President in 1880, gave expression to the abiding truism that "the tariff is a local issue." In the interim, the localities have increased many fold and their sphere of influence has widened by reason of the growth of the country and the establishment of new industries, the prosperity of which is presumed to be dependent upon the protective tariff. The Republican platform, in 1908, solemnly promised a reduction in the tariff in line with the theory that the American manufacturer and producer is entitled to a reasonable profit above the cost of labor at home and abroad. President Taft approved the Payne-Aldrich bill, in spite of the fact that serious differences of opinion arose among members of his party in Senate

and House about the wisdom and justice exemplified in that measure. The President boldly endorsed the bill at Winona, Minnesota, and less than two months later the country expressed its opinion in a manner which changed the complexion of Congress. It then became a foregone conclusion that the tariff would be the issue in 1912.

Check Trade Revival?

At the first session of the sixty-first Congress, several acts were passed by both Houses by which existing schedules were vitally amended, and President Taft promptly earned the distinction of having vetoed more tariff bills than any of his predecessors. His position may be classed as consistent, and it may have been necessary to use the veto power so regularly, because of inadequate knowledge in determining the amount of duty to be levied and because of danger to American industry. Of course, there is a marked difference of opinion on this subject and also on President Taft's arguments in favor of a permanent tariff commission, but, having frankly conceded that rearrangement of impost taxes is desirable, it does seem as if comparatively little harm would have resulted if at least one of these bills had been given a trial. Governor Wilson, at heart, is a free trader, and it is betraying no confidence to state that his friends are regretting that the spirit expressed in his letter of acceptance is being relegated further and further into the background. In that document he made clear his individual preference, but suggested that, while the tariff should be sharply revised, moderate changes be made from year to year in order that business might not be hampered nor industry injured. His recent characterizations of the beneficiaries of protection and his strong advocacy of remedial legislation have tended to create some apprehension that his election may check the remarkable revival in trade of the past nine months.

Precedent.

That such apprehension is based on an unsound hypothesis is open to argument. Protectionists proclaim their anxiety finds justification in the record of the opposition. But no one imagines that any party, on coming into power, would deliberately wreck its hope of further endorsement, or of keeping upon the statutes the laws it may be able to place therein, by a too radical reversal of a long entrenched economic policy. It would be equally absurd to assert that, if the tariff is revised along the lines proposed in the Democratic platform, there would be a repetition of the disaster occurring in 1893 and after. The situation then developed from well-known causes, among which might be mentioned the bursting of the land boom in the West, the poorest crops in many years, the reaction from an over-extended credit, the craze for fiat money and the insolvency of many railroads, not only because of the panic, but quite as much on account of inflation and spoliation. It was not until 1898, or five years later, that the country again began to prosper, and it was an abundant harvest that was largely instrumental in changing conditions. There was a spasmodic recovery in 1895, just as there was in 1909, but the time had not then arrived when readjustment was completed. And it was nearly five years subsequent to the financial breakdown in 1907 before the requirements of a rapidly growing nation were of

sufficient volume to absorb the available producing capacity. As in 1898, the harvest of the year has given the movement a stability, and perhaps a permanency, that could not be otherwise secured. The estimated value of our leading crops in 1912 is $10,000,000,000, which is real as well as new wealth. Its radiating influence has given an impetus to trade and industry that cannot be reckoned in figures. Yet while nature, in her bounty, has greatly endowed the United States, less favoritism has been manifested across the sea, and our exportable surplus of foodstuffs promises to be readily taken at a satisfactory price to the American farmer. This abundance appears at a time when there is a great probability that the basis of value on which most of our products rest is to be revised.

Points of Contact.

A list of corporations which revision would affect to a greater or less extent includes the United States Steel Corporation and the many independent iron and steel companies, the American Beet Sugar Company, the American Sugar Refining Company, the American Woolen Company, the United States Rubber Company, the National Lead Company, the Pittsburgh Plate Glass Company, the American Window Glass Company, the American Hide and Leather Company, the American Linseed Company, the Corn Products Refining Company, the American Can Company, the American Smelting and Refining Company, as well as numerous other prominent concerns, the management of which sincerely believes that an approach to freer international trade relations means materially smaller earnings and probable failure to maintain present rates of payments to stockholders. It is argued that prevailing industrial activity can be partly credited to world-wide demand for products of all descriptions. Certainly our export movement tends to justify this assertion and authorities everywhere predict further expansion. The advance in prices has been fully as sharp in articles on which there is no protection as on others inside the tariff wall. Copper and petroleum are cases in point. And it might be stated in this connection that laborers in these industries command high wages at all times, whereas in the textile trade, in which the average duty is not far from 80 per cent., workers experience great difficulty in eking out a mere existence. This merely illustrates the complexity of the problem.

Extreme Caution Necessary.

Wisdom dictates that extreme caution be exercised in dealing with the tariff. Among men who believe in the principle of tariff for revenue only there is frank acknowledgment that trade and industry will be immediately affected if there is likelihood of insistence upon drastic action instead of gradual changes. Prosperity has returned not because of party administration, either through promise or performance, but in spite of all the hin-

drances that politics has originated or developed. That tariff exactions are inordinate is conceded by all parties, but the subject should be treated as an economic policy requiring delicate adjustment and not as a reward or a punishment according to the political affiliation of the following in control of the government. It is taken for granted that, on a low tariff, earnings on capital and wages of labor must suffer. Long before the next Congress could be called in extra session the stock market will have put securities at a level indicative of prospective results after legislation has become an accomplished fact. But to state that, estimated on schedules approved by the Democratic House of Representatives at the recent session, companies engaged in the production of highly protected commodities would be unable to disburse any dividends upon their common stocks is unworthy of discussion.

The Bonds to Buy

By A. M. Collens, with C. H. Boynton & Co.

THE present time offers excellent opportunities for advantageous investment in certain types of bonds. The various favorable and unfavorable factors in the situation which influence this conclusion are as follows:

Tending to repress any improvement in the general situation is the outlook for a period of generally higher interest rates than have prevailed for the past two years, with the consequent disposition on the part of banks and institutions to utilize their funds along straight banking lines rather than for investment. In addition, European politics and the possibility of war loans is unsettling to the international bond market. The large flotations of preferred stock issues have consumed a considerable quantity of available investment funds and the very apparent necessity of general heavy new financing on the part of railroads and industries are further factors which, when considered by themselves alone, seem depressing.

Favorable.

The favorable elements in the situation more than counterbalance the unfavorable ones mentioned. Higher interest rates have prevailed a sufficient length of time to have brought about a considerable portion of the consequent liquidation of bonds by institutions and have produced an attractive price level. During the past two years of enforced liquidation and economy on the part of industries and individuals there has been constant selling of investment securities. General business now shows evidence of having turned toward continued improvement and activity which will produce a new excess of incomes, a certain proportion of which should be available for bond investment. Politics, although potentially important as regards stocks, cannot have a disturbing influence on bonds. If the political outlook is regarded favorably, industry will be all the more active and excess incomes will increase. If regarded unfavorably,

some of the money which would otherwise seek more speculative investment would turn to bonds for greater protection.

New financing on a large scale will be inevitable with any industrial awakening and if attempted along the lines of straight mortgage-bonds will probably have the effect of further depressing the price of the present outstanding mortgage bonds. It would seem probable, however, especially if the period is one of attractive speculative possibilities, that, for successful flotation, a considerable portion of the new financing will be accomplished through the medium of obligating equities by common stock or convertible bond issues. Such action would not draw heavily on the supply of investment funds.

THEREFORE.

Considering these factors in the investment outlook there can be recommended at the present time:

(1) Industrial bonds having large equities and a record of ample earning protection.

(2) Railroad bonds selling below par, having the protection of junior securities recently issued. Choice should preferably be made of securities where the total amount of bonds authorized under the mortgage is already outstanding and absorbed for investment.

(3) Bonds of railroads where operating conditions show constructive betterment due to advantageous traffic agreements or new industrial situations.

(4) Securities of companies whose capital requirements have already been so arranged as to need new financing in the immediate future.

(5) Selected convertible bonds selling on or near an investment basis.

The Rate of Interest

COMMENTING on the great output of new securities at high rates, Warren W. Erwin & Co. say:

Few, perhaps, realize the tremendous increase in recent years, of bonds, mortgages, notes and other certificates of indebtedness. Fewer, still, appreciate the fact that the rate of interest on the world's public and private debts is rising at a rapid rate. If these two processes continue much longer at their present rate of growth, the world's debtors will be hopelessly swamped. Hundreds of billions of debts bearing rates of three to eight per cent. constitute an almost unbearable burden upon industry. Estimating the interest-bearing debts of the world at $300,000,000,000 (a rough guess) and the average rate of interest at five per cent., we have an annual interest charge of $15,000,000,000 a year, or an average of $10 apiece for all of the world's inhabitants. As nearly all of this indebtedness is owed by about one-third of the world's inhabitants the annual per capita charge on these debtors is about $25 and the per family charge more than $100.

If this is (as we believe) a fair estimate it is evident that the breaking point is not many years off. Civilization must soon repudiate or sink under the weight of this awful burden of debt. We are of the opinon that the average rate of interest, while it may increase some in the next year or two, will not, during the next ten years, average much higher than at present. The increasing supply and depreciating value of gold does not necessitate a constantly increasing rate of interest. When the rate of interest on money has advanced sufficiently above the normal rate of interest on capital to counteract the decreasing purchasing power of the principal of a debt the money rate of interest should cease to rise. This result may be about accomplished at present. If so, the creditors have caught up with the debtors and neither will gain nor lose while the world's price level continues to rise at the present rate of speed.

Investment and Miscellaneous Securities

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 60 Broadway, New York.

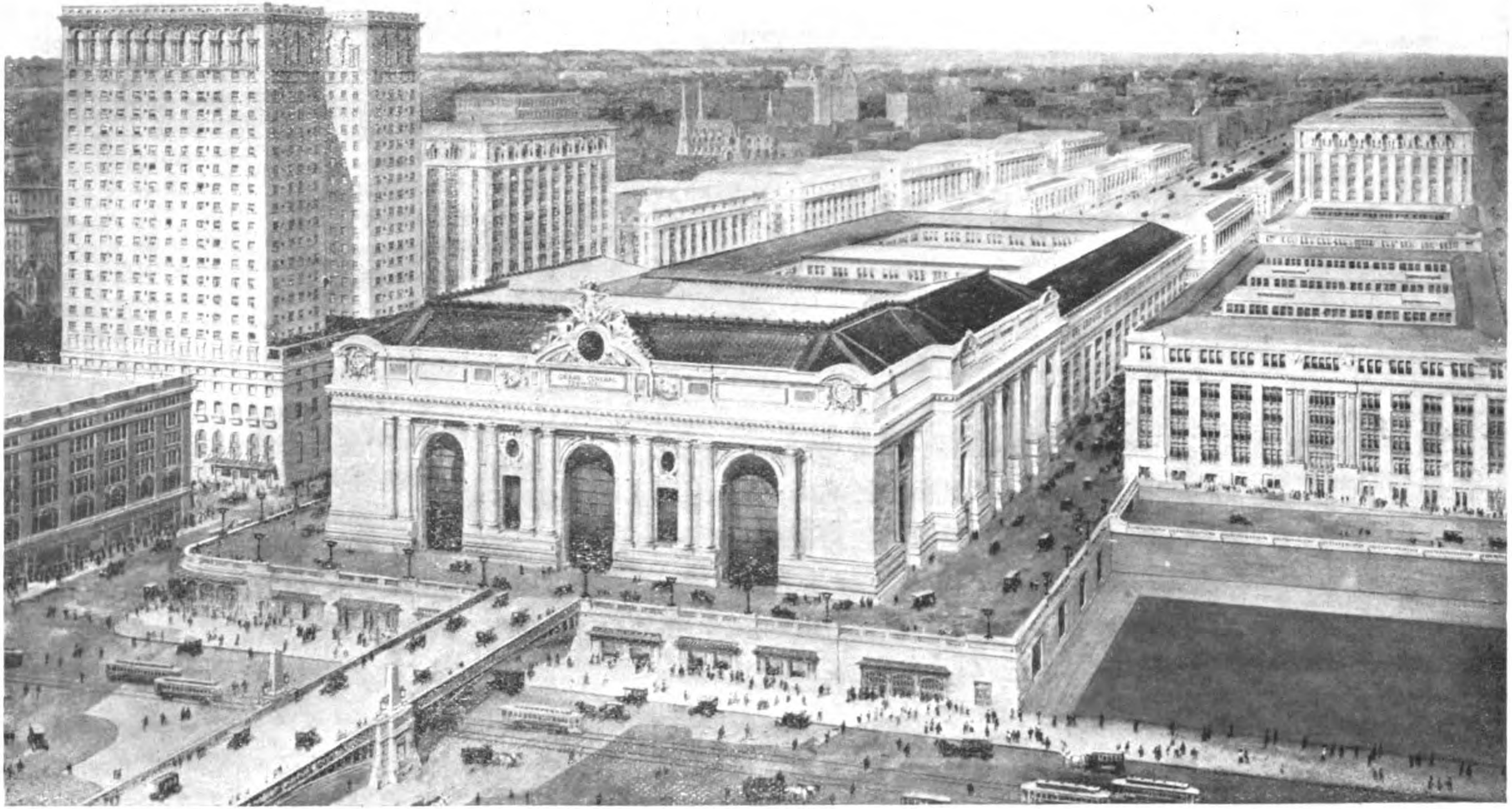
(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	290
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	167	175
Beech Creek (N. Y. Central)	92½	97
Boston & Lowell (B. & M.)	204	...
Boston & Albany (N. Y. Cen.)	211	216
Boston & Providence (Old Colony)	290	297
Broadway & 7th Av. R. R. Co. (Met. St Ry. Co.)	160	165
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Cayuga & Susquehanna (D.L.&W.)	208	215
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	167¼	169
Cleveland & Pittsburg Betterment	97½	99½
Columbus & Xenia	203	207
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	130	...
Conn. River (B. & M.)	250	265
Dayton & Mich. pfd. (C. H. & D.)	120	...
Delaware & Bound B. (Phila.&R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	93	98
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	300	...
Elmira & Williamsport pfd. (Nor. Cen.)	100	110
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	134	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	133
Franklin Tel. Co. (West. Union)	40	50
Forty-second St. & G. St. R. R. (Met. St. Ry.)	260	280
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	265	270
Gold & Stock Tel. Co. (W. U.)	118	124
Grand River Valley (Mich. Cent.)	112	125
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	93	96
Jackson. Lans. & Saginaw (M. C.)	80	87
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	75	80
K. C., St. L. & C. pfd. (Chic. & Al.)	105	125
Little Miami (Penn. R. R.)	205	210
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	80½	88
Morris & Essex (Del. Lack. & W.)	171	175
Nashville & Decatur (L. & N.)	185	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	118
N. Y. & Harlem (C. & P.)	325	355
N. Y. & Harlem (N. Y. Central)	325	355
N. Y. L. & Western (D. L. & W.)	121	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	...
North Carolina R. R. (So. Ry.)	160	170
North Pennsylvania (Phila. & R.)	193	...
North R. R. of N. J. (Erie R. R.)	82	90
Northwestern Telegraph (W. U.)	113	124
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	210	...
Old Colony (N. Y., N. H. & H.)	175	180
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	63	65
Peoria & Bureau Val. (C.R.I.&P.)	172	182
Pitts. B. & L. (B. L. E. & C. Co.)	60	68
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	170
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts., McKeesport, McW'port & Y. (P. & L. E. M. S.)	125	...
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	191
Rome, Watertown & O. (N.Y.Cen.)	121	...
Saratoga & Schenectady (D. & H.)	160	170
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	92	97
Sixth Av. R. R. (Met. S. R. Co.)	110	120
Southwestern R. R. (Cent. of Ga.)	108	112
Troy & Greenbush (N. Y. Cent.)	160	168
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	142	148
United N. J. & Canal Co. (Pa.R.R.)	237	241
Valley of New York (D., L. & W.)	117	122
Warren R. R. Co. (D., L. & W.)	164	170

MISCELLANEOUS SECURITIES.

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	156	162
American Brass	140	145
American Chicle Com.	210	216
American Chicle Pfd.	100	103
American Express	169	176
Atlas Portland Cement Com.	45	60
Autosales Gum & Chocolate	25	30
Babcock & Wilcox	102	106
Borden's Condensed Milk Com.	113½	115½
Borden's Condensed Milk Pfd.	105½	107
Bush Terminal	60	75
Childs Restaurant Co. Com.	175	180
Childs Restaurant Co. Pfd.	106	109
Computing-Tabulating-Recording	45	47
Del., Lack. & Western Coal	390	400
E. I. du Pont Powder Com.	188	193
E. I. du Pont Powder Pfd.	96	99
General Baking Co. Com.	24	28
General Baking Co. Pfd.	78	82
Gray National Telautograph	9	12
Hudson Companies Pfd.	30	40
Hudson & Manhattan Com.	8	13
Hudson & Manhattan Pfd.	17	22
International Nickel Com.	146½	148
International Nickel Pfd.	104½	106½
International Silver Pfd.	132	138
Kings Co. E. L. & P.	129	132
Otis Elevator Com.	75	80
Otis Elevator Pfd.	100	105
Phelps, Dodge & Co.	221	226
Pope Mfg. Com.	25	28
Pope Mfg. Pfd.	68	71
Royal Baking Powder Com.	214	219
Royal Baking Powder Pfd.	105½	107ex
Rubber Goods Mfg. Pfd.	104	110
Safety Car Heating & Lighting	113½	115½
Sen Sen Chiclet	112	117
Singer Mfg.	288	294
Standard Coupler Com.	35	42
Texas & Pacific Coal	97	102
Union Typewriter Com.	34	38½
Union Typewriter 1st Pfd.	104	106½
Union Typewriter 2d Pfd.	102	104
U. S. Express	67	71
Virginian Railway	16	20
Wells Fargo Express	125	130
Western Pacific	7½	9½



BIRDSEYE VIEW GRAND CENTRAL TERMINAL. THE NEW TERMINAL CITY AND CIVIC CENTER

THE ORNAMENTAL GROUP OF HEROIC PROPORTIONS SURMOUNTING THE FORTY-SECOND STREET FACADE, REPRESENTING MENTAL, MORAL AND PHYSICAL FORCE

The New Grand Central Terminal in New York

AS one of the great factors in our industrial and commercial development the railroads are always a subject of interest to the banker. It is believed, therefore, that the following description of the new Grand Central Terminal in New York, which is now nearing completion and will be opened to the public this month, will be found of special interest to readers of THE BANKERS MAGAZINE, for it deals with one of the notable railway improvements of the times, and it has been aptly said that this great terminal expresses the best thought and highest skill of architect and engineer, not only of the present but running back to the master builders of Greece and Rome.

In the construction of this monumental gateway the dominant idea has been to combine beauty and magnitude with convenience and serviceability so that the travellers from all parts of the country, and those from abroad, may go about the terminal with as little confusion as in passing from one room to another in their own homes.

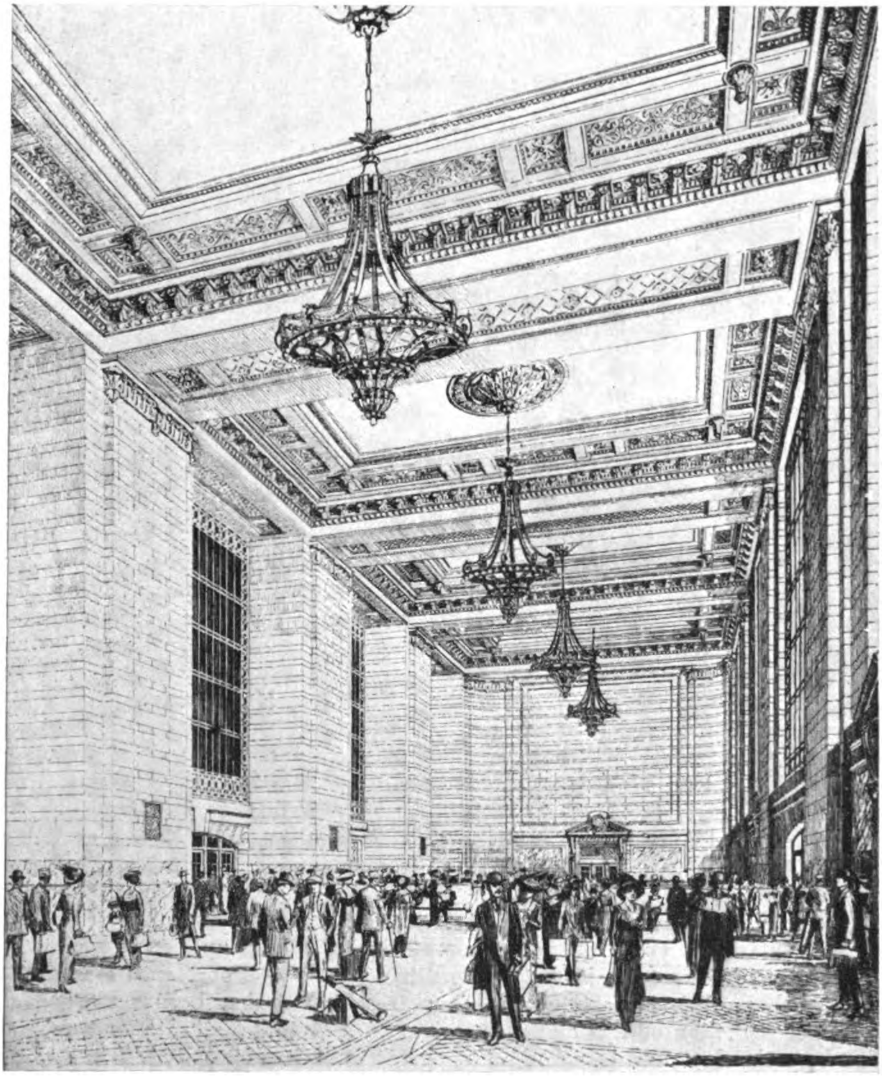
HISTORICAL.

The history of the development of the terminal facilities of the New York Central Lines in New York city may be said to epitomize the growth of the city during the last eighty years. From the days when the railroad cars were hauled by horses from just back of the City Hall up Center street to a little station at Fourteenth street, each successive step has been a marked advance, culminating in the newest and greatest railroad terminal in the world.

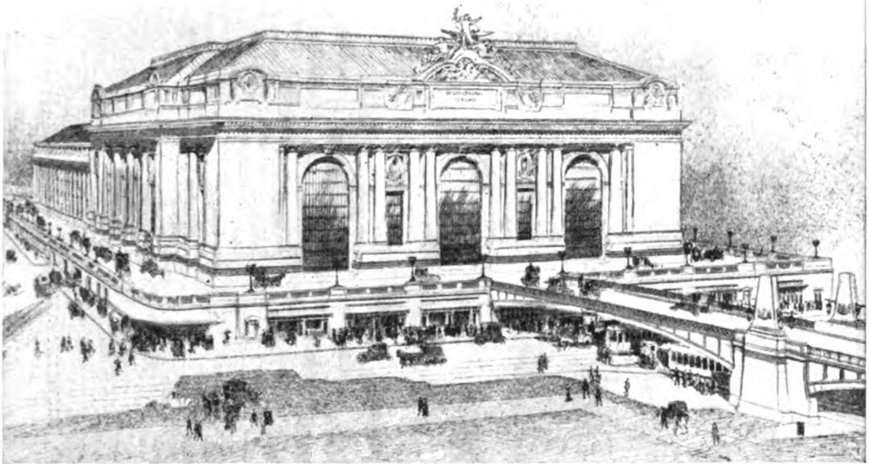
The first station of any considerable size was built in 1857 on Fourth avenue

from Twenty-sixth to Twenty-seventh street on a part of the site now occupied by Madison Square Garden. This was considered a fine structure in its day, but it is worth mentioning that it could be set down in the great main concourse of the new terminal with plenty of room to spare all around.

The Twenty-sixth street station became in a few years too small to accommodate the growing traffic and in 1869 the first Grand Central Station was begun on Forty-second street and Park avenue and completed two years later. It was the greatest station of its time and people came to see it from far and near. It was thought to be large enough for many years to come, but in ten years it was necessary to build an addition to accommodate incoming trains, and in 1898 the traffic had so far outgrown it that extensive alterations and enlargements had to be made, giving a capacity of sixty thou-



THE MAIN WAITING ROOM, SO PLACED AS TO BE FREE FROM THE CROWDS HURRYING TO AND FROM TRAINS



THE MAIN TERMINAL BUILDING, DESIGNED ULTIMATELY FOR OUTGOING PASSENGERS ONLY

sand passengers a day. This last station is the one that was torn down to make room for the new terminal.

When the first Grand Central Station was built it was away uptown; almost, it might be said, in the open country. But being the only station in New York city, it became the center of an active development. The great hotels, amusement places and the retail stores saw an advantage in being within easy reach of it; the famous residence and club district sprang up around it; many of the most beautiful buildings in the city were erected within a short distance of it, and thus it is that to-day Grand Central is in the very heart of the district that the visitor to New York wishes most to see, and not, as railroad stations often are, in an obscure or unattractive part of the city.

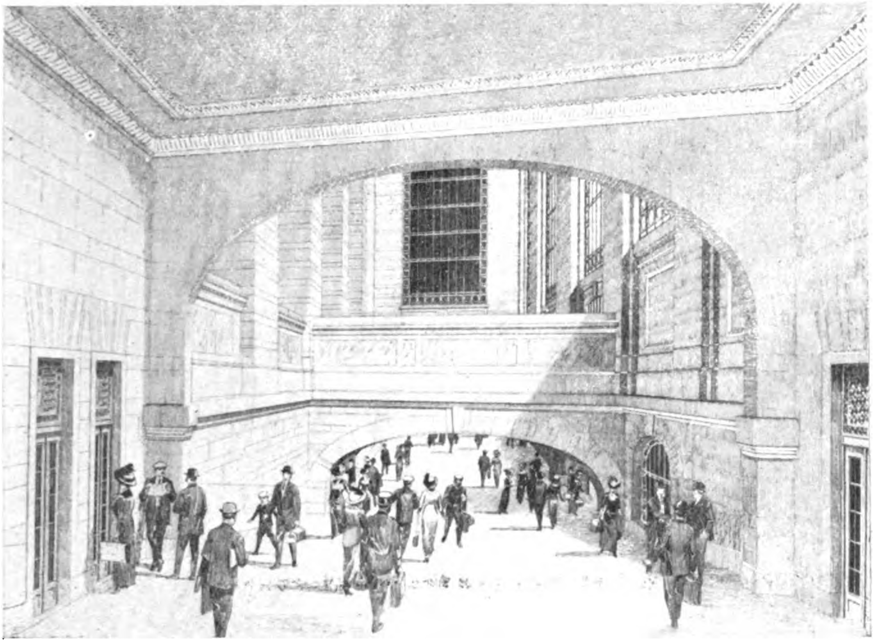
Construction.

It is a comparatively easy matter to dig a hole, lay tracks and put up a building, but to rebuild a station under traffic, change the entire plant so that not a vestige of the old remained, keep 800 trains running and handle from 75,000 to 100,000 passengers a day, was a proposition alive with engineering and operating problems. To do this, the first thing required was more room; large purchases of land were made abutting Lexington, Park and Madison avenues, increasing the area from twenty-three acres in the old terminal to seventy-nine acres in the new, including both levels of tracks. As each new track or group of tracks was finished a corresponding number of old ones were abandoned and traffic went on without interruption. How well this problem of building a terminal and operating trains at the same time has been worked out is illustrated by the travel over Labor Day last year. During the eight days from August 30 to September 6, the number of people in and out of the terminal totaled 944,000. There were 4,826 trains handled during this same period with an average delay of but twenty-one seconds per train, which is as nearly perfect a record as the most skillful operation can effect.

A New Civic Center.

The New York Central Lines are engaged in an undertaking vastly greater than the building of a railroad terminal alone. To build a terminal, the best that could be devised was the primary thought, but along with that as the plans were developed came the larger thought of the utiliza-

THE SUBURBAN CONCOURSE, FINISHED IN BOTTICINO MARBLE. A STATION COMPLETE IN ITSELF, PROVIDING ALL FACILITIES FOR TRAVELERS



INCLINED WALK OR RAMP FROM THE SUBWAY TO THE SUBURBAN CONCOURSE. A BEAUTIFUL MARBLE CORRIDOR FORTY FEET WIDE

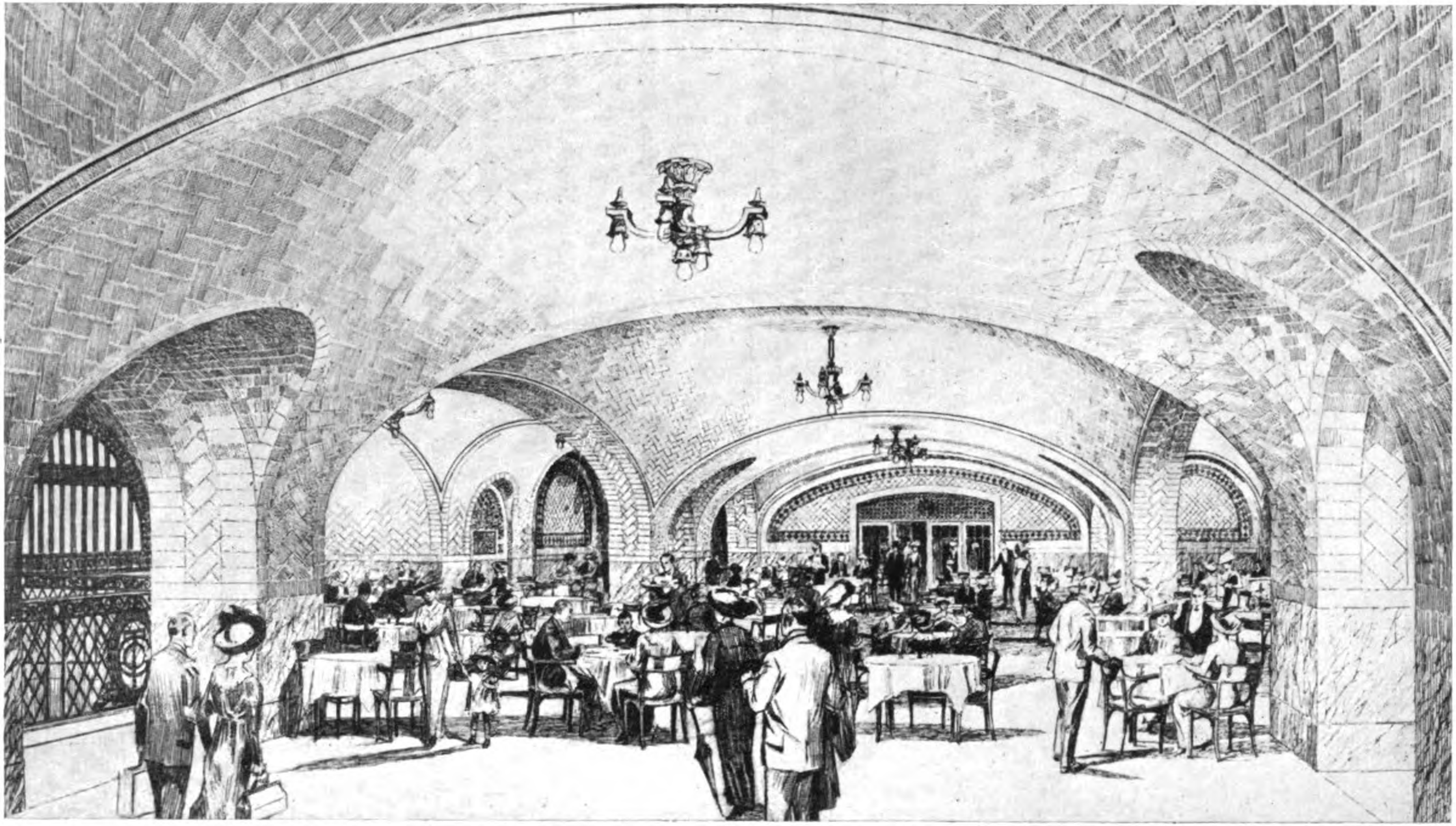
tion of the property over the yards for building purposes. This is the most original and in many respects the most distinctive phase of the development and it has called into being a beautiful civic center of which not only the citizens of New York but the entire country may well feel proud. It was made possible by the use of electricity instead of steam as motive power. The tracks were depressed below the street level, Park avenue and the cross streets from Forty-fifth street to Fifty-sixth street built in, thus reclaiming about twenty city blocks and throwing the entire area open for building purposes.

Where other idealistic group plans have failed or remained incomplete because dependent upon appropriations by the city, this one will succeed because of its earning power. The property over the railroad yards when leased will turn in a large revenue and help to pay interest on the large amount of capital involved in the terminal and co-related improvement.

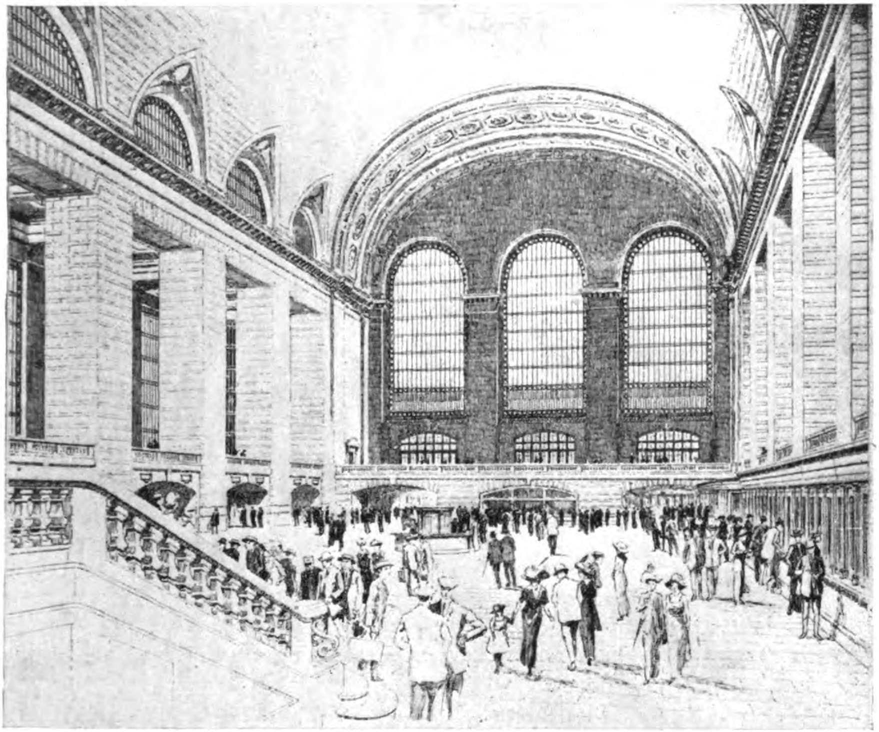
A point worthy of note in this connection is the great increase in the value of realty on Forty-second street and Park, Madison and Lexington avenues, in property abutting the terminal but not owned by the railroad company. The elimination of the smoky railroad yards, opening of streets where none existed before and the rearing of beautiful buildings have had a wonderful effect on the character of the community round about.

The Main Building.

In designing the main terminal building the exterior finish of which is granite and Indiana limestone, the architects had in mind an expression of the old terminal idea, which is a gateway to a city, hence the central part of the façade is in the form of a triumphal arch of monumental proportions surmounted by a statuary group representing Progress, Mental and Physical force. The style has something of the Doric motive modified by the French Renaissance with only enough ornamentation to relieve the severity of the classic lines. As one of the architects expressed it: "It is



THE RESTAURANT. AN ATTRACTIVE ROOM ARTISTICALLY TREATED BY A SERIES OF GUSTAVINO ARCHES OF CREAM COLORED TILE, GIVING A GROTTO LIKE EFFECT



THE GREAT OUTBOUND CONCOURSE. LARGE ENOUGH TO ACCOMMODATE FIFTEEN REGIMENTS OF INFANTRY AT ONE TIME. FINISHED IN BOTTICINO MARBLE AND BUFF COLORED STONE

not an Art Museum nor a Hall of Fame, but a place of dignified simplicity, easy of access and comfortable."

One of the unique features of the building that means a great deal to the City of New York, because it opens up a new north and south thoroughfare, is the overhead street. It is by this street that Park avenue (which is carried over Forty-second street on a viaduct) passes around the station and continues north from Forty-fifth street. The establishment of this new avenue will tend greatly to relieve the congestion on Fifth avenue. From the overhead street there will be a cab entrance to the east side of the station, enabling vehicles coming up Park avenue from south of Forty-second street to drive directly into the station and after discharging their passengers leave the station on the Vanderbilt avenue side.

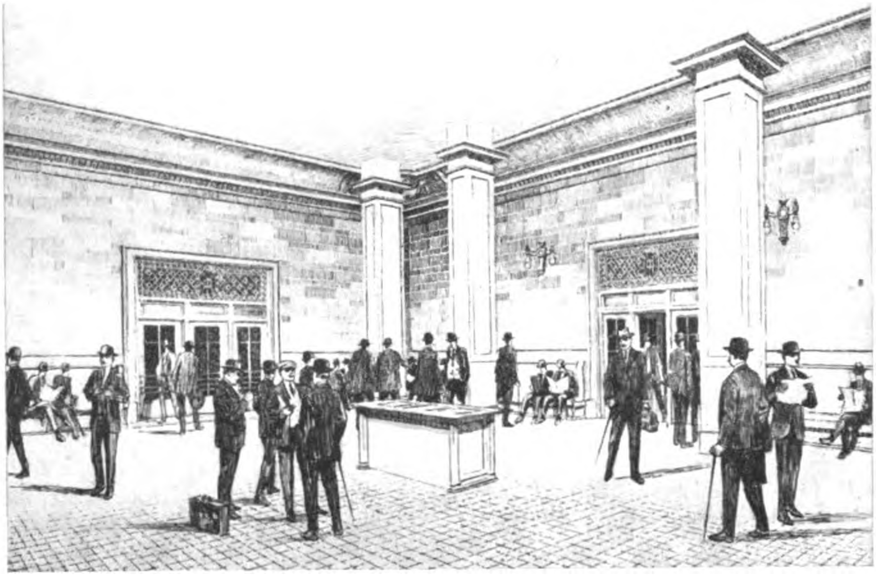
Inside the main terminal building are the waiting rooms, concourse, baggage-rooms, retiring rooms, information bureaus and all the other features of a railroad station. Some idea of the size may be had when it is understood the total area of the rooms for the public is six acres, or about the size of Madison Square, New York, and that thirty thousand people can be accommodated therein at one time without crowding.

The Concourse.

The outbound concourse, the principal feature of the main building, is a magnificent room, 275 feet long, 120 feet wide and 125 feet high. Only when standing under its vaulted ceiling can its impressive proportions be appreciated and even then one hardly realizes that it could accommodate fifteen regiments of infantry. It is finished in Botticino marble and buff-tinted stone which, under the light that falls softly through six great dome-shaped windows, gives a most pleasing and cheery effect.

WOMEN'S ROOM. RESTFUL AND ATTRACTIVE IN A DEGREE UNUSUAL IN PUBLIC ROOMS

In the concourse are the facilities usually found in the waiting-room of a railroad station, i. e. ticket office, baggage-checking booth, parcel room, information bureaus, etc., and from the moment a passenger enters the room the fact will be apparent that the greatest care has been taken in planning it.



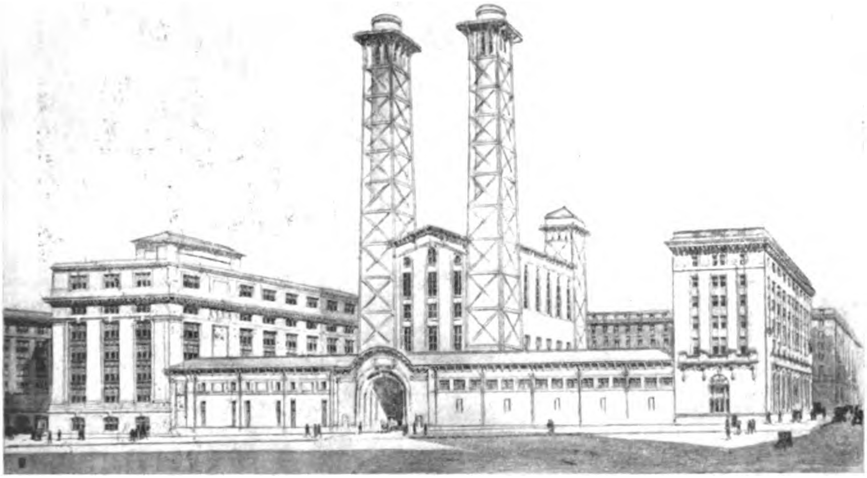
MEN'S ROOM. SPACIOUS AND COMFORTABLE

The facilities are arranged so that the movement of the traveller is a progressive one, the ticket window coming first, the Pullman window next, then the baggage-checking office and so on. No steps will have to be retraced.

Another feature that will contribute greatly to the convenience and peace of mind of the public is the arrangement of train gates and indicators. Immediately upon entering the concourse the train gates are in full view and the indicators so conspicuous that the desired track and train can be located from any part of the room. For instance, a person purchasing a ticket at the ticket office which is located on the south side of the concourse has only to look across the room to see the train gate through which he will pass to his train. The public will not go uncertainly hither and thither looking for their trains; they could hardly miss the right place even if they tried. From the concourse passengers proceed to the train room, which is reached by broad ramps of easy grade, the difference in level being only three feet.

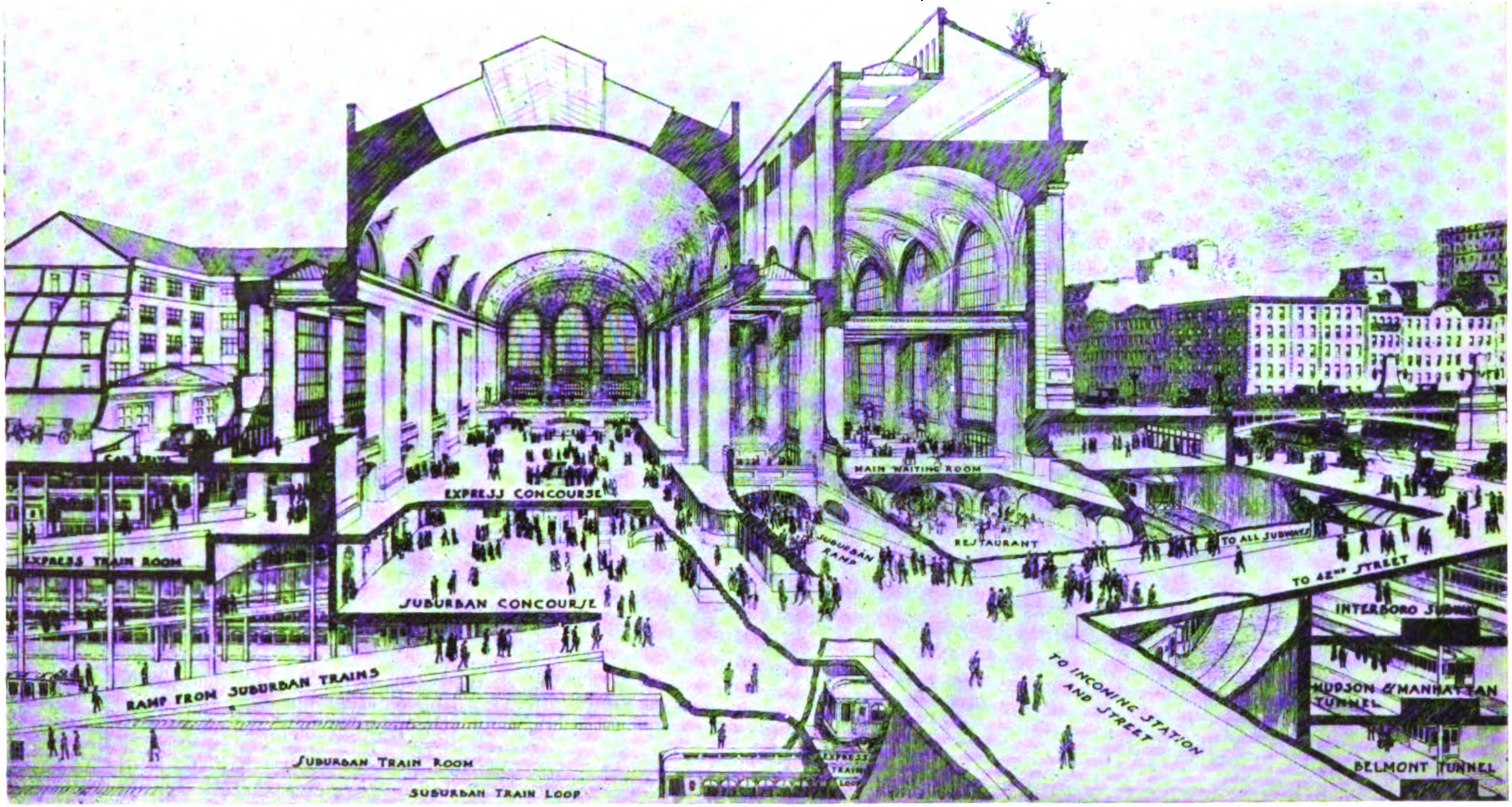
The same care used in planning the concourse has been exercised in making it easy to enter and leave the trains by the adoption of high station platforms which are on a level with the car platforms and the passengers are thus saved the energy necessary to climb up or down three and half feet of car steps.

Underneath the main concourse is the suburban concourse, which is about the same dimensions excepting as to the height of ceiling. It is laid out in the same convenient manner and provides the same facilities as the main concourse. In planning this great terminal the railroad company has given particular consideration to the comfort and convenience of suburban passengers affording them the same facilities as the through travellers enjoy.



THE HEATING AND LIGHTING PLANT, FIFTIETH STREET, LEXINGTON TO PARK AVENUES. THE BUILDING ON THE EXTREME LEFT IS OCCUPIED BY THE ADAMS EXPRESS CO. BUILDING ON THE EXTREME RIGHT IS THE RAILROAD BRANCH OF THE Y. M. C. A.

The most beautiful and striking feature of the suburban level is the main ramp from the subway to the concourse. It is a marble corridor forty feet wide descending at a gentle slope between the main waiting-room and concourse. Its location between these two rooms with their lofty ceiling gives it an impressive height. It is flanked by the great columns of the main concourse through which a glimpse of that beau-



CROSS SECTION SHOWING THE USE OF INCLINED WALKS OR RAMPS INSTEAD OF STAIRWAYS FOR REACHING THE VARIOUS LEVELS

tiful room is had. The sunlight falls softly through windows high above and by night the walk is illuminated by five mammoth bronze electroliers of wondrous beauty and ornate design, suspended by ornamental bronze chains.

Waiting-Rooms.

The waiting-room, located between the main concourse and Forty-second street, is unique in station construction in that it is designed to serve as a place where travellers may wait in comfort and quiet. It is a very spacious room artistically treated in buff stone and marble and so located that it is unnecessary to pass through it in going to or from the trains and is thus free from the hurrying crowds.

Adjoining the waiting-room are the men's and women's rooms, lavatories and toilets, and convenient of access, the barber-shop, manicure parlors, baths and private dressing-rooms. These last named are a new feature in railroad stations and one that will prove a great convenience, providing as they do facilities for changing one's apparel and removing the stains of tiavel. For the use of these rooms a nominal charge will be made.

The women's waiting-room has been made especially attractive. It has a quartered oak floor and wainscoting; is filled with comfortable movable chairs and there are of course maids in attendance. It is restful and attractive in a degree unusual in public rooms. Adjoining this room is a telephone room for the exclusive use of ladies. An added convenience are hair-dressing parlors and a women's shoe polishing room attended by girls in blue uniforms.

There is a valet for the men who will clean and press clothes. There are also private barber-shops. A traveller can telegraph ahead and reserve one of these shops thus making sure of immediate attention and at the same time enjoying privacy. As a matter of fact passengers arriving at Grand Central Terminal in business or travelling attire may change to evening clothes and have the personal service of valet, maid and manicure and go forth to dinner, theatre, opera or any other social function dressed and groomed for the occasion. The terminal has been aptly called the travellers "other home" from the completeness of the facilities it places at command.

There is also a rest-room with medical attendants for any one taken suddenly ill and requiring the attention of nurse or physician. If necessary the sufferer can from this room be placed in an ambulance without being subject to the gaze of the crowds.

Restaurant.

Adjoining the concourse on the suburban level is the restaurant which has been planned with great care and in which every appointment will be of the best. Ordinarily a station restaurant does not appeal strongly to travellers. This one will be as fine as any in the best hotels in point of service and equipment. Thousands of dollars have been spent in fitting it up and from the immaculate kitchen, with every modern appliance, down to the smallest detail, everything will be of the best. It is such an inviting room, being artistically treated by a series of Gustavino arches of cream colored tile, giving a grotto like effect, that no one will want to pass without taking a meal.

Ticket Offices.

The ticket offices are located on the concourse taking up pretty nearly the entire south side. There are in all forty-eight windows, enough to provide facilities for ticketing an almost countless number of people without delay. Entering from the street or subway the ticket offices are on the direct line of travel so that it is but the operation of a moment to purchase a ticket and proceed to the train just across the concourse.

Baggage Checking.

The baggage checking counters are on the east side of the concourse on both the suburban and express levels.

The checking arrangement is typical of the conveniences installed. The traveller will not have to go to the baggage room. All he will have to do is to present his railroad ticket and transfer claim check at the checking stand. He will receive in exchange for his claim check a baggage check, the claim check being sent by pneumatic tube to the baggage room to identify the piece to be checked. A very simple and expeditious operation, much better than the old-fashioned way of going to the baggage room, as the passenger does not leave the concourse from which he is to board his train.

Baggage Subways.

Underneath the lower level of tracks are two transverse subways, one under Forty-third street and the other under Forty-fifth street. Outgoing baggage is loaded on electric trucks and sent down by huge elevators to the baggage subway. The trucks are then sent through the subway and lifted by elevators to the track level. The baggage is then transferred to the designated train. The operation is reversed for the incoming trains. By this arrangement the passenger platforms are kept free of baggage trucks, a nuisance ordinarily encountered in railroad stations.

Shops.

Within the terminal buildings proper there will be all sorts of specialty shops, providing everything that a traveller could possibly need—haberdashery, toilet articles, hats, millinery, grips, suit cases, drugs, etc. If a person arrives at the station having forgotten some such article, the facilities are at hand for immediately supplying the need.

Sanitation.

The terminal buildings being of stone and marble construction are of course easily kept in an absolutely clean and sanitary condition. To assure the same cleanliness in the train room a type of construction entirely different from the rock-ballasted road-bed, used in the open, has been adopted. The construction is of creosoted yellow pine blocks set in concrete and the rails fastened thereto by screw spikes. The first cost of this construction is heavy, but the maintenance charges are low in comparison and cleanliness is assured. Water pipes are carried under the platforms adjoining the tracks and it is but the matter of a moment to attach a hose and thoroughly flush the road bed, the water being carried off immediately by drains.

Ventilation.

As the train rooms, the suburban concourse and several other public rooms are of necessity beneath the surface of the street, great care has been given to the matter of ventilation. There are large spaces opening well up above the street level from which fresh air is drawn by specially constructed machinery and circulated through the subsurface parts of the station. The air in the suburban concourse will be completely changed every ten minutes. This is accomplished without subjecting the public to unpleasant draughts. Exhausts scientifically placed complete the operation of this constant changing of the air.

Elevators to General Offices.

The general offices of the company are directly accessible from the station proper. Passengers having occasion to go thereto may take elevators that touch every level of the terminal and run to the office floors.

Personal Service.

Very careful consideration has been given to the matter of making it easy to obtain information.

Timid travellers may ask questions with no fear of being rebuffed by hurrying train men, or imposed upon by hotel runners, chauffeurs or others in blue uniforms. Men especially provided to answer the traveller's every question are scattered throughout the Terminal in uniforms so different from

the conventional blue that no one can possibly mistake them.

To be sure, there is small need of questions, for the arriving passenger can go but one way, while the departing one has but to lift his eyes on entering the station to see the trains, to which signs supply all needed directions. A great deal of study was devoted to these signs in order that enough might be provided without making them so numerous as to be confusing, to place them where they could not be overlooked by those whom they concerned, and to make their legends unmistakable

For those who want additional information provision has been made on a scale not equalled in any other railroad terminal. Even the humble red-capped porters, whose chief business is to wait on travellers, are carefully drilled until they can supply readily and courteously all ordinary information about trains. Should they be unable to answer a question they do not direct the inquirer to some one else; instead, they escort him to one of the attendants in gray frock coats and white caps who are walking encyclopedias. If by any chance the white cap is unable to answer the question he, in turn, will escort the inquirer, or send a red cap with him to some one who can enlighten him.

In short, personal service is the keynote to which everything in this railroad palace is attuned. While facilities have been provided for handling a quarter of a million persons a day, each one is made to feel that he is the only passenger the New York Central has, and that it is afraid of losing him.

Electric Signal System.

Safety naturally combines with comfort and no description of the terminal would be complete without reference to the all-electric signal system, the only one of the kind in the United States. The main signal tower is located at Forty-ninth street. This tower is a four--story building below the street level, and houses the interlocking machines by which the switches and signals are operated. The machine for the suburban level is the largest ever constructed and has 400 levers, each of which operates a switch or signal. On the floor above is a machine with 362 levers operating the switches and signals on the express level. To each forty levers a man is assigned who works under the instructions of a train director, who decides as to the track upon which each train is to be placed. The movement of the trains is indicated by little electric lights on a chart which is a facsimile of the track layout of the yards. As the trains pass over the switches the lights on the chart are extinguished and not relighted until the train has passed over the switch on to the next one. The switches and signals are interlocked so that no error on the part of an operator can set a signal one way and a switch the other. Both must agree and the safety of the train is thereby assured. The directors in these two towers control the movement of 800 trains in and out of the terminal each day. Another entirely new feature is the system of advising the gateman on the concourse when to open the gates and admit passengers to the trains. An electric lamp is sunk in the hand rail in front of each gate and when the train is ready to receive passengers the conductor presses a button illuminating this lamp thereby notifying the gateman that all is ready. At the moment the train is due to leave the gateman will close the gate and press a button located on the same hand rail which will illuminate a lamp on the platform near where the conductor will stand thereby notifying him that the gate is closed and he may proceed.

Power and Heating Plant.

The buildings in the terminal area are erected over the tracks of the yard and consequently where ordinarily in buildings the heating, lighting and power machinery is located, trains are running back and forth. To overcome this condition, a power and heating

plant of great magnitude was erected at Fiftieth street between Lexington and Park avenues and therein is assembled the machinery for lighting and heating all the buildings in the terminal and both present and prospective. The hot water used in heating the general offices, post office and station buildings travels over a mile before it returns to the heating plant.

Some Unusual Features that Make Grand Central Terminal the Most Convenient in Existence.

First in importance under this heading is the elimination of stairways, accomplished by the use of ramps or inclined ways, thus providing for the movement of vast crowds from point to point without confusion. This is an arrangement infinitely better than stairways, which are not only a nuisance but dangerous when traversed by large crowds. The grades of the ramps were determined after a number of interesting experiments. Temporary ramps were built and all sorts of people walked up and down—fat men with suit cases, lean women wearing long skirts and arms filled with parcels, school children with bundles of books—and as a result very easy grades were established; in fact, a passenger to or from the express level will hardly be conscious of the fact that there is any grade at all between the street level and the train platform. The ramps to the suburban level are of necessity a little steeper.

All these inclined ways are located in direct lines of traffic so that the immense crowd that moves to and fro will never have to turn any corners or turn around and go back. In other words, to handle the millions that will sweep back and forth through this gateway, everything is arranged to avoid all possible friction or confusion. It will not be necessary to teach people where they should go, they will naturally move in the right direction.

Another feature is the complete segregation of through and local inbound and outbound traffic. This is accomplished by having separate waiting-rooms and concourses for the incoming traffic, and eliminates at once all counter currents of travel and the confusion resulting therefrom.

The tracks are arranged on two levels, the upper for through business, the lower for local, and both are connected with loops which circle round the main building. After the passengers are unloaded the trains are taken around the loop, the baggage cars shunted to special baggage tracks for unloading, the train proceeding to the storage yard, or, if a local train, scheduled to leave within a short time, it is placed adjacent to one of the outgoing platforms ready to receive passengers.

Incoming Station.

The station for incoming travel is located just across Vanderbilt avenue from the main building. It has of course sub-surface connections with the main building. This is the first instance in terminal construction that the incoming travel has been provided for in a building erected specially for the purpose and yet with convenient passages to and from the outgoing rooms. In this incoming station every effort has been put forth to make it as easy as possible for friends to meet arriving passengers, a most desirable consideration. The platforms are so arranged that all arriving passengers will pass a given point in view of the people waiting for them. This feature has been humorously termed the "Kissing gallery." In addition to the passageway to the outgoing station there are direct exits to the sub-way, street and Biltmore Hotel.

Subway Connections.

Grand Central Terminal is the center of the most extensive combination of passenger transportation lines in the world. On Forty-second street there will be with the completion of the Belmont Tunnel to Long Island, the Hudson & Manhattan Tunnels to New Jersey and the Lexington Avenue Sub-

way, four great arteries of local transit, including the present Interborough Subway, having direct sub-surface connections with both the outgoing and incoming stations of Grand Central Terminal. In addition, electric surface lines, radiating in all directions, pass the door, i. e. the Madison, Fourth and Lexington avenue lines; Forty-second street and Broadway line and line to Long Island city via Queensboro Bridge. There is thus established an intercommunication of travel between the New York Central Lines and the lines of local transit that places every nook and corner of Greater New York, Long Island and Jersey City in direct touch with this great railway terminal.

It is interesting to note in this connection that in establishing the various levels of the terminal the main concourse floor was built on a level with the mezzanine, or ticket office floor of the subway, as it was found that about eighty per cent. of the people arriving at and departing from the terminal use the subway to complete their journey. The level of the concourse floor being established, the other levels were worked out with that as a basis.

A Few Figures of Interest.

Total area of the old terminal, twenty-three acres.

Total area of the new terminal, seventy-nine acres.

Total excavation, 3,200,000 cubic yards, 2,000,000 of which are rock.

Forty-two tracks on the upper or express level; twenty-five tracks on the lower or suburban level.

Miles of track in terminal, thirty-three and six-tenths.

The new station at the street level is 672.5 feet long, 310 feet wide and 150 feet high. Below the street level, 745 feet long, 455 feet wide and forty-five feet deep.

The old terminal had a capacity of 366 cars.

The new terminal has a capacity of 1,053 cars.

Five hundred thousand barrels of cement used for the concrete construction.

Over the suburban level, for the purpose of supporting the express-level tracks, covering an area of thirty-eight and one-tenth acres, approximately 51,870 tons of steel are used.

For viaducts and cross streets, aggregating 9,400 feet, about one and three-quarters miles, about 14,700 tons of steel are used.

In the main building approximately 28,930 tons.

In all, there will be used by the roof of the suburban level, street viaducts and buildings as far as now contemplated, approximately 118,600 tons of steel.

The largest interlocking switch and signal tower in the world—machine for the suburban level has 400 levers—express level 360 levers.

No doubt this great improvement, involving the vast outlay of $180,000,000 by adding to the facilities of the New York Central Lines will prove a source of new and growing revenues.

Publicity Committee, American Institute of Banking

PRESIDENT Byron W. Moser of the American Institute of Banking, announces the appointment of the following men to serve on the Publicity Committee of the Institute:

Fred W. Ellsworth, Publicity Manager, Guaranty Trust Company of New York, Chairman; G. W. Cooke, Publicity Manager, The First National Bank, Chicago; Joshua Evans, Jr., Assistant Cashier, The Riggs National Bank, Washington, D. C.; H. E. Hebrank, Union National Bank, Pittsburgh, Pa.; R. S. Hecht, Trust Officer, Hibernia Bank & Trust Company, New Orleans, La.; G. Jeter Jones, Assistant Cashier, Merchants National Bank, Richmond, Va.; John G. MacLean, Security National Bank, Minneapolis, Minn.; F. C. Mortimer, Cashier, First National Bank, Berkeley, Cal.; Herbert E. Stone, Second National Bank, Boston, Mass.

BERNARD W. TRAFFORD

Who recently resigned an important position with the American Bell Telephone Company to become Vice-President of the First National Bank of Boston.

Money and Business

Why Bank Trade and Financial Letters are Valuable

A LARGE bank is peculiarly well-fitted to interpret current events in the realm of commerce and finance. Because of their directors who are in touch with big enterprises and affairs, their many correspondent banks in different sections of the country, their thousands of depositors and their many broad connections, such institutions are able to keep in close touch with business conditions generally. They are able to size up a situation quickly and accurately, and when they put down their conclusions in black and white a statement of conditions is rendered which can be depended upon implicitly.

A number of banks are now issuing such monthly printed letters. Two especially goods ones which have come to our notice recently are those of the First National Bank of Boston and the Peoples National Bank of Pittsburgh. The portion of the Boston letter, dated December 16, 1912, and dealing with the money and investment situation reads as follows:

The effect of the present stringency has been to restrict the extension of mercantile business rather than to precipitate liquidation of stocks of merchandise. It is quite apparent to a great many students of finance that the banking capital of to-day, operating under present restrictions, is vastly inadequate, and that if banking institutions are to take care of the rapidly increasing business of the country, laws must be formulated, and soon, which will permit these banking institutions to replenish their loaning powers when necessary to meet unusual demands through the issue of a more flexible currency. Such laws, if passed, would go far towards preventing any such high rates as have prevailed during the last two or three weeks.

The extreme rates for call money locally during the last month have ranged from six to eight per cent.; time money has been practically on a six per cent. basis for all maturities, although mercantile paper through the brokerage houses has been quoted as high as 6½ per cent. Easier money is not looked for before the turn of the year.

The New Haven issue of $40,000,000 notes on November 20 typifies the piecemeal, hand-to-mouth character of New England operations better than anything else which could be cited. The disposition to go slow and make short commitments, even at high prices, is a widespread one at the moment. The importance to investors of this piece of financing lies in what it foreshadows with regard to other railroad financing, of which there is a torrent awaiting an outlet. It seems likely that the railroads will continue short term financing until lower money rates prevail, which will enable them to issue long term securities on more reasonable terms.

The bond market is conspicuous by its absence. Bond prices are sagging apparently under the pressure of a volume of new securities recently issued or about to be issued. Buying of bonds is at a minimum, although offered at almost panic prices.

The Pittsburgh letter of December 1, 1912, discusses "Pittsburgh and the Tariff," thus:

It is a difficult matter to obtain, for publication, a sincere and informative opinion on the probable effects of the impending revision of the tariff. Pennsylvania, and particularly the Pittsburgh District, is naturally for high protective duties. This (Allegheny) county produces more than one-fifth of the pig iron of the United States; more than one-fourth of the country's pro-

duction of steel ingots and castings; considerably more than one-third of structural shapes, and nearly twenty-five per cent. of the output of all kinds of finished rolled iron and steel. In addition to this dominant industry, the Pittsburgh District is by far the largest producer of glass in the United States, and there are other interests that will be more or less affected, temporarily at least, by a revision of the tariff schedules. Now, when revision is absolutely certain, it would be absurd for the business interests of this district to express anything but hopeful sentiments concerning the future. However, it is gratifying to know that there are good grounds for hopefulness, and it can be stated with the utmost positiveness, that thus far since the elections, and since the announcement by the President-elect that he will call an extraordinary session of Congress not later than April 15, there has been no appreciable change in commercial and industrial conditions in this end of Pennsylvania.

The statement of the Steel Corporation, showing an increase of more than 1,000,000 tons in unfilled orders booked during October—which was a record-breaking gain—and the successive advances in price of semi-crude and finished products in the past month, indicate the great momentum acquired by this basic industry. Operations here are still restricted in some degree by the scarcity of labor and the shortage of railroad cars and motive power, and if severe weather should be experienced the effect would be to curtail output and hamper transportation. But the consequences would be the same if no political revolution had occurred and if no politico-economic changes were impending. On the present occasion, unlike the past, there have been no large sums recently invested in new enterprises under the direct stimulus of a highly protective tariff on special articles. There are few entirely new "infant industries" that will suffer irreparable loss, such as was the case a score or more years ago. On the contrary, the country as a whole has been preparing itself during five years past for some modification of existing duties.

Bernard W. Trafford

BERNARD W. TRAFFORD, who has recently been made vice-president of the First National Bank of Boston, and whose portrait appears on page 54 of this issue, is a graduate of Harvard, class of '93. During his entire college career he played on the 'varsity baseball and football teams, being captain of the football teams of '91 and '92.

At his graduation he went into the engineering department of the American Bell Telephone Company in Boston. A few years later he went to Philadelphia to become commercial superintendent of the Bell companies centering in that city, subsequently took a similar position with the company in New York, and then became general manager of the companies centering in Washington.

He next became vice-president and general manager of the Michigan State Telephone Company at Detroit and still later went to Chicago to become commercial vice-president of the five Bell companies in the vicinity of that city, where the fight of the independent companies centered.

Mr. Trafford assumed his duties as vice-president of the First National Bank in September last.

Delay in Delivery Unavoidable

IN response to a number of complaints from subscribers as to delays in receiving their copies of THE BANKERS MAGAZINE, the publishers wish to state that they are doing all in their power to facilitate its delivery, but as the postal authorities have decreed that magazines must be sent by fast freight and not by the regular mail trains, there is bound to be some delay which the publishers deplore but cannot prevent.

New United States Treasurer

TO succeed Lee McClung, who resigned recently, President Taft has chosen Carmi Thompson treasurer of the United States.

Mr. Thompson was previously secretary to the President, having been appointed from the Interior Department, where for two years he has been Assistant Secretary of the Interior. Before that he held positions of high honor in Ohio, where he had been secrectary of State and later speaker of the Ohio House of Representatives, to which he was elected in 1903.

Carmi Thompson was born in Wayne County, W. Va., September 4, 1870. He worked his way through school and college and is rather proud of the fact that he entered the State University at Columbus with thirty-six dollars and graduated with thirty-eight dollars as his entire possession. He graduated from the university in 1892 and from the law school in 1895, practicing law until 1903 when he was sent to the legislature and the school of politics. He won the rank of colonel in the Ohio National Guard, and was captain in active service in the war with Spain.

His thorough experience, cordial, democratic manner and quiet self-control are important assets.

CARMI THOMPSON
RECENTLY CHOSEN TREASURER OF THE UNITED STATES

Organization of National Banks

DURING the month of November, 1912, eighteen applications to organize national banks were received. Of the applications pending, fifteen were approved and one rejected. In the same month six banks, with total capital of $255,000, were authorized to begin business, of which number four, with capital of $105,000, had individual capital of less than $50,000, and two, with capital of $150,000, individual capital of $50,000 or over.

On November 30, 1912, the total number of national banks organized was 10,291, of which 2,865 had discontinued business, leaving in existence 7,426 banks, with authorized capital of $1,053,055,425, and circulation outstanding, secured by bonds, $728,515,285. The total amount of national-bank circulation outstanding was $750,185,776, of which $21,670,491 was covered by lawful money of a like amount deposited with the treasurer of the United States on account of liquidating and insolvent national banks and associations which had reduced their circulation.

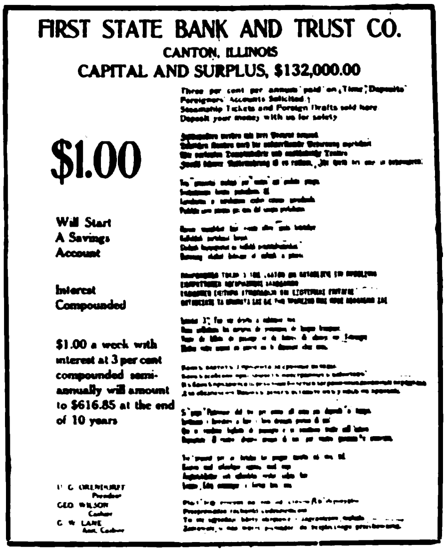
A Western Banker's Views

A Discussion of Different Methods of Bank Advertising

By W. H. Morehouse, Assistant Cashier German American Trust and Savings Bank, Los Angeles

MANY of our large banks have made their great growth in business by consolidating with some other large bank; others have made a remarkable increase by establishing branch banks throughout large areas, which serve as feeders to the parent bank; still others have made themselves popular by specializing in what is commonly called "efficient service." These three methods are all legitimate, and indicate foresight and an ambition to be progressive.

APPEALING TO FOREIGNERS



While most bankers do not like to acknowledge it, it must be admitted that the banking business is becoming more and more like a mercantile business. This being true, it is, therefore, not unbecoming the dignity of a bank to advertise, but on a higher plane than the merchant who merely advertises prices in order that his sales may be materially increased.

Many of the leading banks in California, particularly those having a reputation of extreme conservatism, are today advertising extensively. Many bankers decry this practice, declaring that bank advertising is unwise and treacherous in the extreme. The facts remain, however, that banks which have tested advertising systematically for the past five years are increasing their advertising appropriations each year; and some of them have salaried advertising managers. It is unquestionable that, when properly handled, bank advertising does pay tremendously.

Display Advertising.

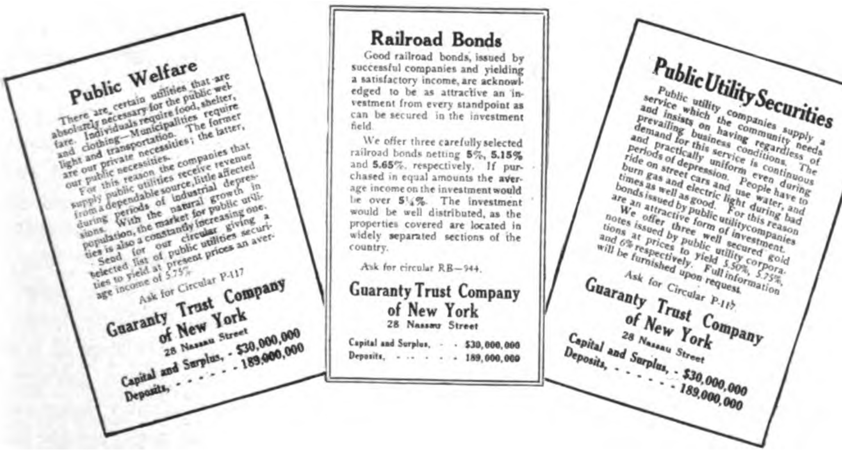
One great value of a display ad. in a banking journal is that the attention of the out-of-town banker is thus directed to the facilities which city banks offer for handling the city business of country banks. The results to be derived from such advertising will depend largely upon the length of time during which the ad. is displayed, and it may take weeks before definite results are noticeable. Walter Baker & Co., Ltd., have advertised one product for over one hundred and twenty-five years, and to-day are advertising that same product more vigorously than ever before in the history of that prosperous company. While perhaps few prospective consumers read their advertisements line by line, still from the fact that the same ad. is to be found in nearly all of the circulating mediums, everyone has learned to recognize at a glance that the old lady with her pot of cocoa is Baker's trade mark.

Display ads. in current magazines are becoming more and more numerous, especially for savings banks and investment bankers, for there is merit in this class of bank advertising. People in rural districts or in small towns where banking facilities are limited are readily appealed to, and as a result banks thus advertising are creating new business and probably also securing a portion of the money that would otherwise be deposited in the country bank.

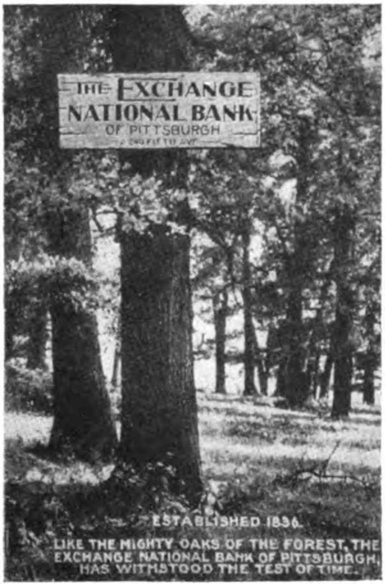
Newspaper Advertising.

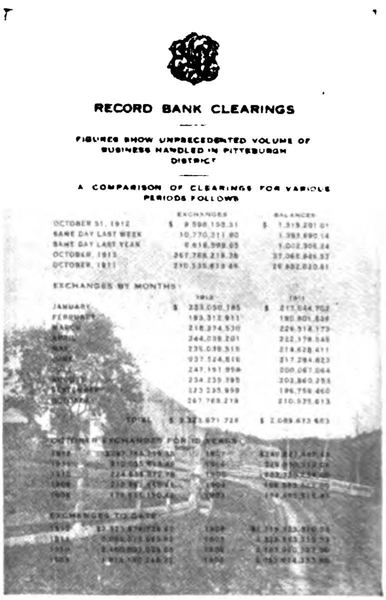
Newspaper advertising is a necessity, for the bank that does not keep its name before the public will fall behind in the race for popular attention and favor. It is true that not everyone who reads the newspaper will read the bank's advertisement, every day, but it is hardly likely that anyone will not notice it some day. And even if the bank's name is all that is read, and then only at a glance, something has been accomplished, for an impression is made that if often enough repeated will fasten itself upon the mind of the reader and in time arrest his attention, with a favorable result for the advertiser.

Does newspaper advertising pay? Like everything else the profit will be measured by the method pursued and the class of matter used. As a rule the busy man has only time for the "catchy" items of interest, or the "catchy" advertisements, where originality is preëminent, and where the appeal fits his case; and when thus appealed to he does not dismiss it from his mind without first giving it some consideration. He is introduced to the bank advertised; he is converted into



GOOD MAGAZINE COPY





A UNIQUE AND APROPOS STATEMENT FOLDER

This is one of the most impressive statement folders it has been our privilege to see. "Like the Mighty Oaks of the Forest" is a strong line, and the figure of speech is borne out by the figures of the statement, showing Surplus and Undivided Profits of $844,480, which is over two-thirds of the bank's Capital.

believing that this is the banking institution he needs in his business; and then he is directed to this institution. He will often find a proposition in the advertising which he feels he must accept.

Direct Advertising.

With banks, direct advertising is an invention of very recent years. The advisability of its use for banks has been a much debated question. However, in California, direct advertising has risen far above prejudice, and is considered a proper method for securing new business. And while not all California bankers believe in it, or are even willing to admit that it has merit, direct advertising is presenting some very commendable features.

The situation is a very exceptional one, for it is the large conservative banks that are favoring direct advertising; and it is not because they are large that they find it profitable. It is due to the fact that they have persistently carried through a definite plan; and any bank that will systematically follow up a campaign of direct advertising will profit thereby.

Business obtained by this class of advertising will cost more in hard labor than from any other source. This is chiefly due to the fact that the people which it reaches are not aligned with banking principles, and as a rule are out of harmony with them for some inexplicable reason. Direct advertising presents the claims of the bank to these people in their homes. It reaches them at a time when they may read and think without the interruptions of the office, factory or shop. It is an appeal to them in the quiet of their home life. Sometimes appeal after appeal is necessary. A year may elapse before some people become sufficiently interested to inquire; and some may never become interested in the least degree.

Notwithstanding all this, direct advertising is necessary. It will reach a class of people little interested in savings, for instance, when all else is of no avail. It will arouse people, and by a proper presentation of the bank's claim for their business, encourage them to become thrifty. It will convert hundreds of people, inducing them to deposit their money in a bank in preference to their stocking. Thus, although at present it is greatly neglected, direct advertising has a right to the consideration of every progressive banker.

How Banks Are Advertising

Note and Comment on Current Financial Advertising

THE BANKERS TRUST COMPANY of Houston, Texas, issued a booklet, "Some Things About Wills," which uses as a text the fact that the late Edwin Hawley died intestate. It is a good booklet, but we would prefer the word "facts" to "things" in the title.

The Union Trust Company of Providence, R. I., is another institution which is giving out a "Patriotic Creed" card to be hung up in offices in place of the outworn "Do it now," "Tie your bull outside," etc.

The Peoples National Bank of Boston advertises to deliver payroll cash by automobile and thus save its customers the risk of carrying money through the streets.

The East Brooklyn, N. Y., Savings Bank, Mr. E. F. Barnes, president, furnishes pay envelopes to a number of concerns in its vicinity. It is also distributing a booklet, "Our Savings Bank System, Its Origin and Growth," by Arthur A. Ekirch. Its statement folders contain more than the customary amount of good advertising matter, emphasizing especially the high quality of its investments.

An Oklahoma bank sent every farmer in its vicinity a neat coin purse bearing this inscription:

"If you have money we want it.
"If you want money we have it."

The Commonwealth Trust Company of Boston quotes the Bishop of Massachusetts in one of its recent ads., as follows:

"My advice, therefore, is that, if any person is about to leave a goodly sum, say $1,000 to $5,000 or more, for the benefit of a parish, he would be wise, unless the parish be of exceptional strength, to leave it to some first-rate trust company, to be administered by that company for the benefit of the parish in such ways as the donation requests."

The Safe Deposit Company of New York, "The first in the world," gives out a handsome souvenir booklet and also a small memorandum book.

The first 1913 calendar we received was that of the National Shawmut Bank of Boston. It was a large and handsomely illustrated one, showing such things as "New England Transportation, Old and New," scenery, industry, agriculture, lumber, granite, etc., and pictures of the State houses of the six States.

The Macon, Ga., National Bank in November had the Zerbe coin exhibit and found that it brought large crowds to the bank.

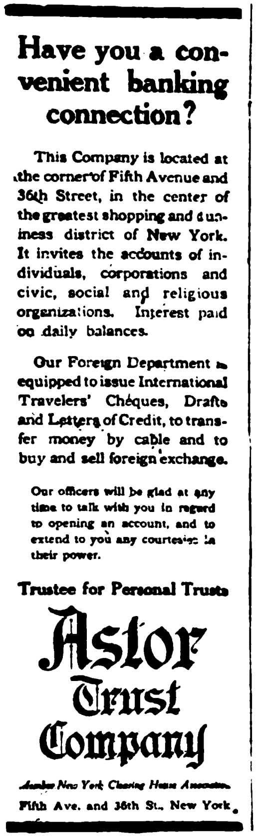
The Union Trust Company of New York is occasionally using space in New Jersey suburban town papers to advertise its various facilities.

The Anchor Trust Company of Raleigh, N. C., uses some strong arguments on a card which it encloses with its letters and distributes otherwise. Here is one of them:

A personal executorship may defeat the plans of an entire lifetime. The death of an administrator or executor may bring about unexpected and undesirable conditions. A Trust Company never dies and its efficiency is closely safeguarded by State supervision. Why not name us today? Now is the time to do it. Next week may be too late.

"Portsmouth in the Year 1824" is the title of an intensely interesting booklet issued "For ye Publick Goode by ye First National Bank of Portsmouth, N. H.," being some interesting facts about that town in the last century.

Another good historical booklet is "Forty-Seven Years of Banking," issued by the First National Bank of Ottawa, Ill. There are more present day facts than musty history in this book-



NEW YORK BANKS DOING SOME REAL ADVERTISING

Of the many attractive and unique covers used on statement folders of the Bank of Pittsburgh, N. A., the latest, reproduced above, is particularly noteworthy.

let, however. The First Trust Company of Ottawa also issues a booklet on the use and value of a trust company, which is a "corker."

"Devonshire Street 1630-1912" is the title of a splendid historical booklet issued by the Second National Bank of Boston. It contains some interesting views of Boston business streets before the great fire of 1872.

The First National Bank of Richmond, Va., issues a reprint of the article, "An Interesting Relic of the Confederacy," which appeared recently in the "Bankers Magazine," containing a picture of a $500 Confederate note.

"How Pennies Make Dollars" is the title of an effective little folder issued by the Naugatuck (Conn.) Savings Bank. It contains a good interest table.

Referring to the eight advertisements reproduced together on another page, we are prompted to make a few remarks.

Judging by the six column by 140-line ad. of the United States Trust Co. of Washington, D. C., the *bete noir* of the civil service employees at the national capital is not so much the Bull Moose, the Jackass or even the grand old Elephant, as it is the Wolf at the door. But the Savings Account makes him turn tail. He seems to be shying at that "3%" down in the corner. Probably he would step even livelier in his retreat if it were "4%." Well, anyway, it is a good strong ad. and the lesson it teaches at a glance is just as appropriate for legislators and diplomats as for Government clerks.

Naturally, we pass to the subject of pensions, and the Chicago bank in its

STRONG SAVINGS ARGUMENTS

advertisement calls forcible attention to the very best kind of a pension—best for the self-pensioner and the country as well. There is genuine comfort in that picture—the easy chairs, the jimmy pipes and the tea kettle singing on the stove. Isn't that a consummation devoutly to be wished, and is not the savings account route the best way to reach it?

Los Angeles banks are not afraid to use big space. That of the Security Trust and Savings Bank occupied two columns by 168 lines. If the use of such space were proposed to some Eastern bankers, especially in New York, they would have to be assisted to their inner offices in a fainting condition. But, of course, advertising rates in metropolitan newspapers are pretty high.

It is quite a favorite stunt with bank ad. illustrators to picture an older man (usually frock-coated and top-hatted) engaged in the gentle art of giving sage advice to a younger and less dressy man. We think that a good boot, judiciously placed (figuratively speaking) is sometimes better than a world of advice. But still the picture we have referred to,

FROM BOOKLET OF FIRST NATIONAL BANK, PORTSMOUTH, N. H.

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with the sage advice printed below it for the benefit of the reader, makes an effective bank advertisement. Of the two examples reproduced, we like that of the Citizens Savings Bank better than the more jumbled one of the Marshall, Minn., institution. In the latter case we are up against the country printer again and his congenital and perennial desire to penalize readers by making them stand on their heads if they want to read every word of an advertisement.

The Merchants National Bank of Leominster, Mass., hands one to the poor, abused Spaniard in that "Manana" ad., perhaps on the principle of "Hit him again, he ain't got no friends." But the Dons have that reputation for procrastination and we suppose it is all right for us to hold them up as a fearful warning to our own people. This is a strong and well displayed advertisement.

What was that bull terrier in the Farmers Deposit ad. doing to let such an ugly customer into the house? He lays himself open to the awful suspicion that he has been asleep at the switch. But is not the burglar's question: "Where is your money?" a superfluous one? He seems to have the money securely in his left mitt while he covers the bureau drawer menacingly with the revolver in his right. At any rate, it is quite a scary picture and it ought to make people sit up and take notice of the reading matter down below.

As to the little ad. on the big subject, we plead guilty to the soft impeachment of writing it ourselves, and it was just put in there to fill up the space.

We trust that none will be offended at our perhaps too spicy remarks concerning these particular advertisements, but a Southern lady who has taken up bank advertising work wrote in to say that she "simply devours" everything we write on this subject, so we try to make it as edible as possible.

At the Capital

A Washington Bank Makes Advertising Pay.

THE Philadelphia "Record" for a long time has been running editorial comment on financial advertising. On November 19th last it published this article on "The Fruits of Bank Advertising":

"The Record," in urging upon the banks in its territory the benefits of good newspaper advertising, has never asked the bankers to take the word of this news paper for the fact that bank advertising pays. Our argument is more practical. We have always contended that our say-so is only conclusive when backed up by the

actual experience of financial institutions that have tried advertising and made good.

There's the Lincoln National Bank of Washington, D. C., for instance. From 1908 to 1909 its deposits grew, without advertising, $100,000. Next year, without advertising, there was an increase of $71,500. The following year, under the same conditions, the increase was $86,600. This year the Lincoln National applied 10,000 lines of newspaper advertising to the stimulation of its business. The growth in its deposits up to November 8, 1912, was $340,000 —over thirty per cent. more than in the preceding three years put together.

Again, witness the application of newspaper advertising to a specialty in the banking business: The United States Trust Company, of Washington, D. C., last February started a "Christmas Savings Club." The deposits of the members of this club, to be distributed next month, amount to over $250,000—and every penny of this business was gotten by newspaper advertising.

What is being done by the banks that advertise in the newspapers in Washington and other large cities can be even better done in Philadelphia. Our soil is peculiarly adapted to the cultivation of thrift. "The Record's" special knowledge of the subject of financial advertising is freely at the disposal of interested bankers.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and add them to your list at once.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Charles D. Wells, Traders Bank of Canada, 8 Wellington street W., Toronto, Ont.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.
Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.
B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
Germantown Ave. Bank, Philadelphia, Pa.
J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
Union Trust Co. of the D. C., Washington, D. C.
E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
R. H. Mann, The Federal Trust Co., Bridgeport, Conn.
A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
Dexter Horton National Bank, Seattle, Wash.
Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Greater Elasticity of Credit Needed

AFTER making extensive studies of the European currency and banking systems, E. L. Meyer, president of the First National Bank, Hutchinson, Kansas, publishes his views as to needed changes in our banking system. Among other things, he says:

"When you remember that more than ninety per cent. of business in the United States is done with checks and drafts, you will readily admit that elasticity of credits is the most important element in sound banking. Therefore, the foreign banker has made his commercial paper the foundation stone of his banking system. He has introduced into the system the vitalizing force recommended by Alexander Hamilton when he was Secretary of the Treasury under President Washington; the force which has protected the banks of Scotland for 250 years, and has saved the French people from money panics since the era of Napoleon the First—the time bill of exchange.

"This is a commercial document which does not run longer than four months, and which is issued for an actual commercial transaction. It originates in the purchase and sale of merchandise and other commodities. What the United States needs is a legalized clearing-house to purchase from your bank and my bank these bills of exchange, the privilege of rediscounting them depending, not upon the good graces of any bank president or cashier, but obligatory by law upon the central coöperative agency.

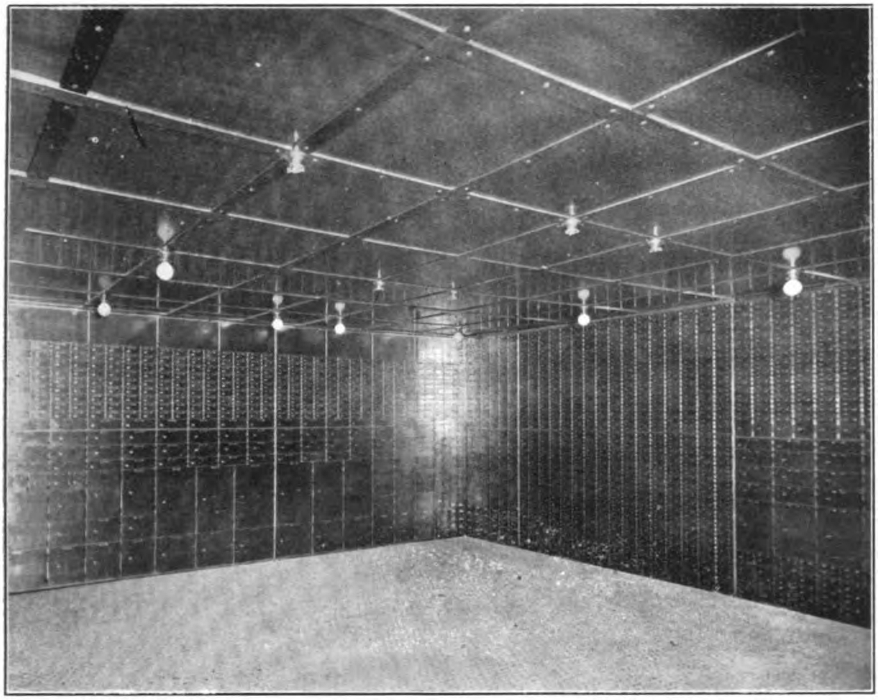
"Under present conditions our surplus reserves inevitably flow like a river to the sea—New York city is the ultimate reservoir for the surplus funds of the nation. It is so automatically, whether we want it or not. The vast accumulation of money, subject to demand from the country banks, can be invested only in stocks and bonds, because they are our only nearly liquid securities. These are the securities Wall Street deals in. And so, inevitably our surplus funds invite and feed speculation, instead of legitimate business. The farmer's money and the merchant's money is so used. It will continue to be so used until we change the present system.

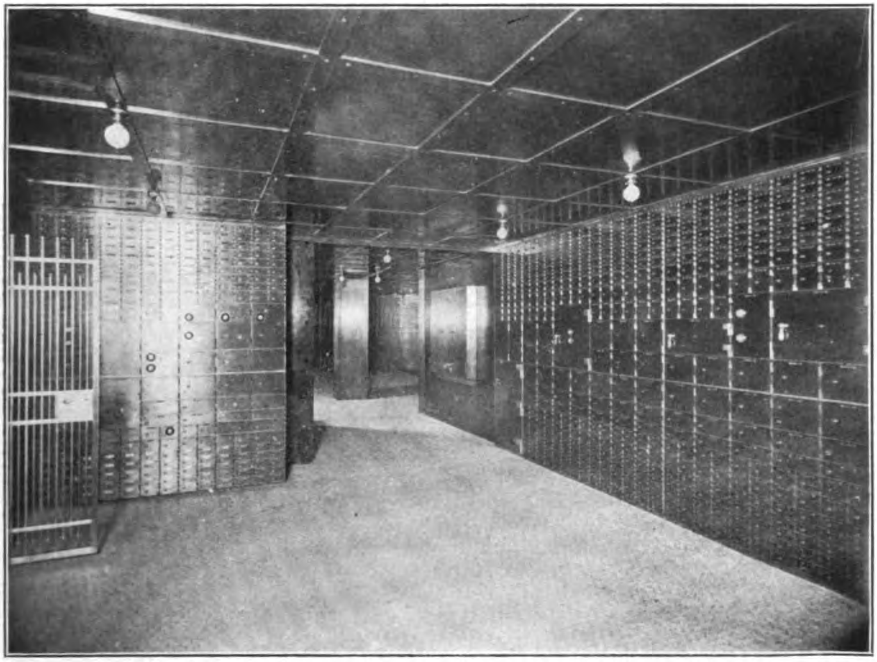
"Our scattered reserve system leads to a mad scramble for gold in commercial crises, just when banks should be open-handed with it. In 1907 the Kansas banks mostly held over forty per cent. of reserve funds in spite of exceptionally favorable agricultural conditions. This panic proved to us how useless is a large cash reserve under our present system. The failure of a few speculative banks in Wall Street caused 25,000 American bankers to restrict credits, stop business and cause untold losses to the American public by forcing a decline in value of all commercial, agricultural and manufacturing products."

Vaults of the First National Bank, Boston

ONE of the largest safe deposit vaults in New England and, in fact, in the country are those of the First National Bank in Boston. The success of these vaults has been remarkable, in view of the fact that up to the time the bank moved into its present building it had had no safe

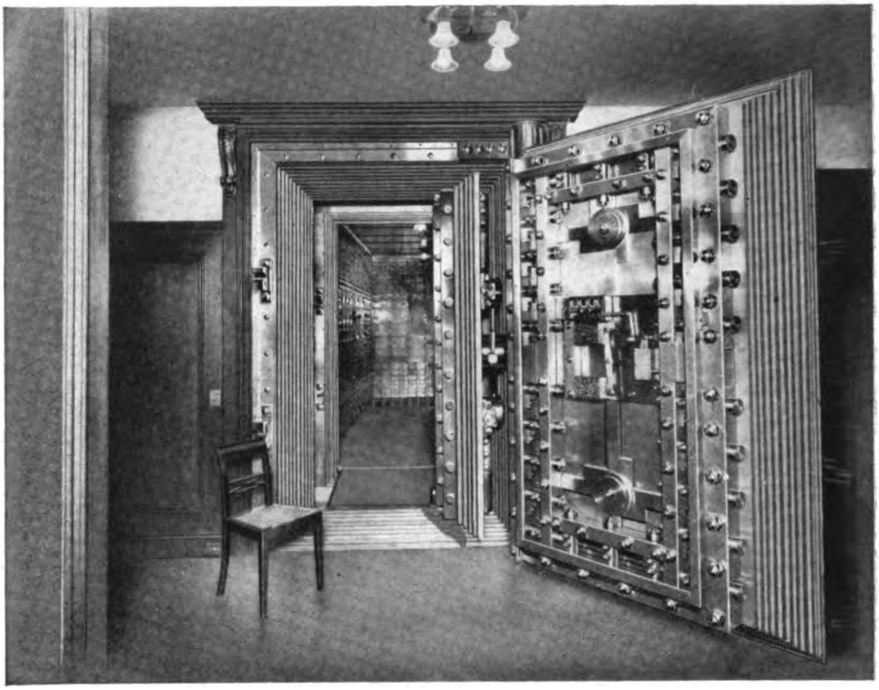
RECENTLY COMPLETED ADDITION TO THE FIRST NATIONAL BANK BUILDING, BOSTON





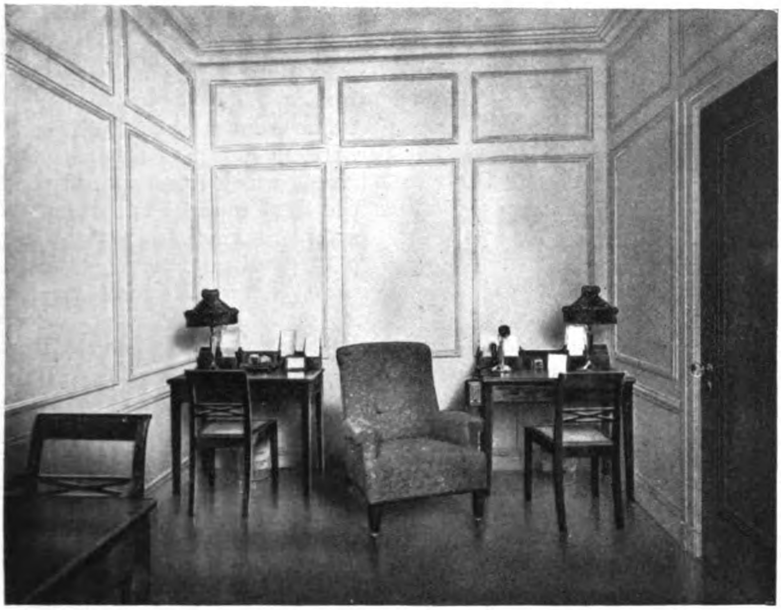
THE FIRST NATIONAL SAFE DEPOSIT VAULTS, BOSTON

THE UPPER PICTURE SHOWS THE RECENT ADDITION TO THE VAULTS, SEEN THROUGH THE OPENING AT THE REAR OF THE ROOM IN THE LOWER PICTURE



ONE OF THE GREAT DOORS TO THE FIRST NATIONAL SAFE DEPOSIT VAULTS, BOSTON

ONE OF THE COMMITTEE ROOMS, FIRST NATIONAL SAFE DEPOSIT VAULTS

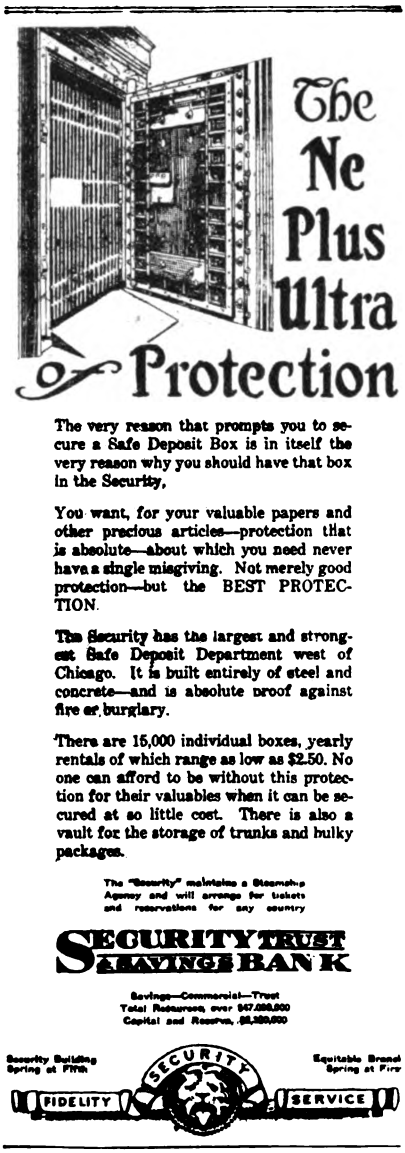


ONE OF THE LADIES' ROOMS, FIRST NATIONAL SAFE DEPOSIT VAULTS

deposit business, and is an indication of what aggressive work can accomplish in a field apparently so well provided with safe deposit facilities as Boston.

The First National vaults have a

CORRIDOR SHOWING ARRANGEMENT OF SMALL COUPON ROOMS, FIRST NATIONAL SAFE DEPOSIT VAULTS



AN UNUSUALLY EFFECTIVE SAFE DEPOSIT ADVERTISEMENT FROM LOS ANGELES, CAL.

length of about sixty feet and a width of twenty-one feet. With the primary advantage of being situated in a low fireproof building, they are of a size and construction not even thought of a few years ago. They contain nearly 5,000 square feet and weigh more than 1,200 tons. The vaults are separated from the bank by solid three-inch walls of burglar-proof steel, in addition to walls of solid masonry two feet thick.

The vaults when built and opened early in 1908 had a capacity of 4,000 boxes, which was speedily outgrown. The total capacity at present is 10,000 boxes, ranging in rental price from $10 to $200, and there are forty coupon rooms, from the small apartment for one person to the rooms large enough for meetings of committees or boards of directors.

A noticeable feature of the vaults is the freshness and purity of the air. The air is all drawn into the basement through a shaft which extends to the roof. In the basement it is passed through a double screen of water, and after being thus washed is driven into a chamber, where it is cooled or heated, according to the season, and is then admitted to the building proper.

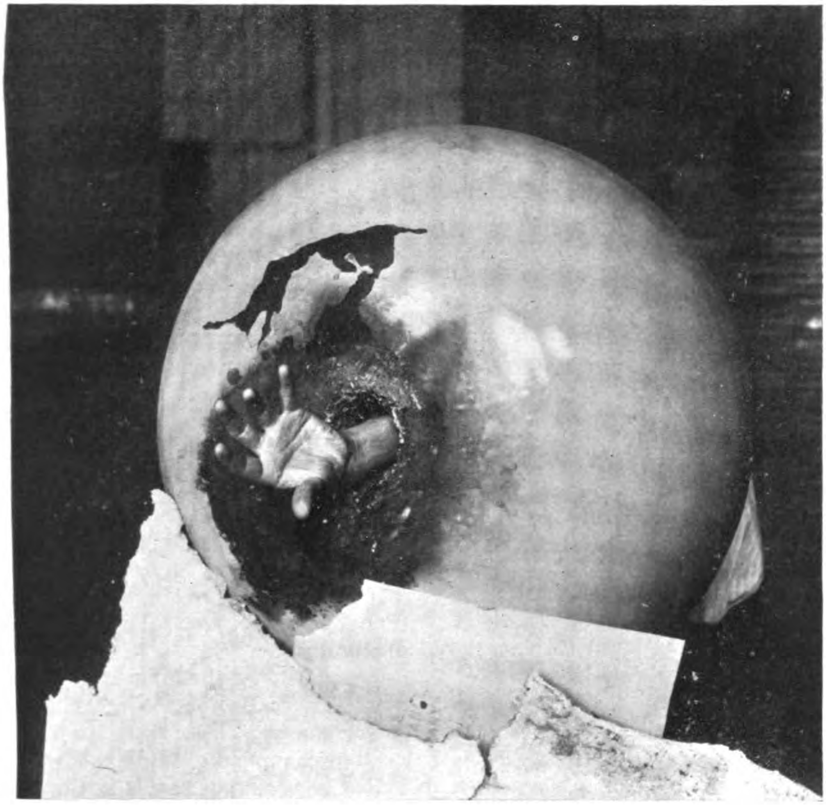
The illustrations herewith show the convenient arrangement of the rooms and facilities offered to women, in addition to which there is a commodious waiting room for men with newspapers, writing materials and other conveniences.

The steel construction of the First National safe deposit vaults was in the hands of the Mosler Safe Company and the vaults are under the management of O. W. Codding.

The Safe Deposit Company and the Lawyer

IN a paper presented at the last convention of the American Bankers' Association, Marquis Eaton has this to say: "The safety deposit department is one which is of special convenience to the lawyer. Until it came into popular use his office was the usual depository of wills, title papers, life insurance policies, contracts, stock certificates, promissory notes and bonds. He was always a bailee without hire; held to a limited financial, but a strict moral responsibility. Frequently, in

an emergency, he was able, after hours of patient search, to find the document which the client claimed to have left with him for safe keeping. This proved that the document had marvelously survived the successive house cleanings, by means of which he had every missing document. The custom carried with it no compensation to the lawyer and cost him heavily in time, office space, nerve force and friends. He is to-day the best drummer for the safe deposit department. He can and does do a great deal for this depart-



LOOKS LIKE AN EGG-SHELL, BUT ISN'T. THE OPENING IN THIS SUPPOSEDLY BURGLAR-PROOF SAFE, ACCORDING TO THE STATEMENT OF THE ONE WHO FURNISHED THE PHOTOGRAPH, REQUIRED SEVEN MINUTES IN THE MAKING

sought to extend the resources of his always over-crowded office; that it had come through the fire, which had started through a forgotten cigar; that it had been spared by the burglars when they ransacked his papier-mache vault.

"Often the lawyer did not find the paper for the reason that he never had it. This did not avail him. His role of universal depository made him the logical suspect in connection with ment. It can do nothing for him, except, in a measure, to take away the haunted look which he always wore until his clients began to act on his advice and rent a safety deposit box."

Not only does the safe deposit company relieve the lawyer of the accumulation of and responsibility for papers left with him, but the use of a safe deposit box by the client should be a cause for satisfaction to the law-

yer and give him a feeling of security because the client's valuable papers are in his own possession and not liable to get mixed with those of another.

The Bible as a Place of Safe Deposit

THIS incident is reported by the Seattle, Wash., "Post-Intelligencer":

John H. Traub of Vancouver came to Seattle last Thursday with $1,000. Friday evening he spent with friends. Before going out he put $900 in a Bible he carried in his pocket.

At 8 o'clock yesterday morning he was found by a policeman asleep in an alley off Washington street, near Second avenue. When he was quite awake he felt for his money and finding it gone from his purse cried that he had been robbed.

The policeman picked up a book lying at his feet. It was Traub's Bible. Between the sacred pages safely lay the nine $100 bills. Only $100 was gone. He put the book in his pocket and went his way.

Good Safe Deposit Arguments

IN a neatly arranged folder, the Fletcher American National Bank, Indianapolis, Ind., presents these solid facts about the safe deposit department:

A safe deposit box is not a luxury, but a necessity to the owner of stocks, bonds, deeds, abstracts, mortgages, insurance policies, evidences of debt and other valuables.

Statistics show that the contents of over seventy per cent. of the office and store safes in recent great fires were completely detroyed, and that only vaults of the very strongest known construction afforded absolute protection.

The cost of our boxes is very reasonable when the unequaled security of the vault and the superior appointments for the comfort and convenience of patrons are considered. Also an adequate and efficient force of men is constantly in attendance, assuring prompt and courteous service, and patrons may depend absolutely upon the strictest secrecy being adhered to in our knowledge of them.

Twenty-two private locked rooms, supplied with stationery, scissors, etc., and ranging in size so as to accommodate from one to six persons, are at the service of patrons as often and as long as desired; and a handsomely furnished room, sufficiently large for a meeting of twenty-five persons, is provided for the use of auditing committees, associations, trustees or families who wish to examine their securities without taking them from the bank.

Banker Suggests a Postponement

WILLIAM J. BATTISON, a wool expert of Boston, smiled at an argument over schedule K.

"The trouble is," he said, "that these disputants don't understand the American sheep industry. They remind me of Smithson's.

"Smithson's—that isn't their right name—are a Boston bank, and last year they financed a sheep ranch in the West.

"The manager of the bank was compelled to wire Smithson's in the spring: 'Lambing begins next month. If drought, conditions will result in total loss.'

"Smithson's wired back to the manager: 'Postpone lambing till further orders.' "—*Exchange.*

An Anxious Time

"DID you lose much in that bank failure, Jim?" asked Hawkins.

"I should say I did," said Slabsides. "I had one overdraft of $163 in that bank, and gee! how I had to hustle to make good!"—*Harper's Weekly.*

Association of Reserve City Bankers

THIS organization, which was born in Indianapolis during the convention of the Indiana Bankers' Association, met in Chicago December 14th at the LaSalle Hotel. A large representation of bankers from nearly every important reserve city was present.

The convention demonstrated that the organization was worth while from two standpoints. First, on the social and business side. The advantage of closer acquaintance between reserve city bankers is manifest whether or not business relations exist between them. As a matter of fact, each one of the delegates present had the opportunity of meeting and talking with representatives of possibly ten or a dozen correspondent banks. The opportunity was afforded, therefore, of discussing points about each bank's relationship with the others; these matters possibly being of such a nature as could not be settled satisfactorily by correspondence. The opportunity was afforded, also, to make new connections either for the collection of transit business or for reserve accounts or both. The men present were those in active charge of the bank relations and transit departments, so that they were in a position to make new arrangements intelligently and with authority.

The convention was also a benefit in the discussion that was brought out regarding the methods of handling country items, clearing-house rules regarding exchange charges and clearing-house methods for the collection of country checks. The programme committee very wisely requested the delegates from several widely separated cities to explain the methods used by each in the handling of country items. Talks were given by many prominent bank officers.

The convention was one for discussion and not for definite action. There were no resolutions presented or passed, and no recommendations made. It was the purpose of the founders to present information to those present. There is no question but that each man in attendance gained a lot of new ideas and perhaps a better comprehension of the difficulties experienced by the other fellow.

The banquet was addressed by one speaker, F. O. Watts, vice-president of the Third National Bank of St. Louis, and ex-president of the American Bankers' Association. Mr. Watts made a very happy talk of a very practical and helpful nature. He outlined his ideas of what the organization might accomplish. He was conservatively enthusiastic without indicating that he thought the organization would interfere in any way with the work of the American Bankers' Association or of its clearing-house section. Mr. Watts' address was very well received.

Officers and directors were elected following the adoption of the constitution and by-laws, as follows:

President, G. H. Mueller, Fletcher-American National Bank, Indianapolis.

Vice-President, C. S. Haughwout, First National Bank, Denver.

Secretary, E. B. Clare-Avery, Merchants-Laclede National Bank, St. Louis.

Treasurer, J. P. McKelvey, Exchange National Bank, Pittsburgh.

The directors, in addition to the president and secretary, include Harry J. Haas, assistant cashier First National of Philadelphia; J. G. Wakefield, assistant cashier Corn Exchange National, Chicago; J. W. Staley of the First National of Detroit; J. D. Gillespie, City National, Dallas, and Thos. Hildt, of the National Bank of Commerce, Baltimore.

St. Louis was chosen as the next convention city, and there is every prospect that the meeting there next year will be even better attended.

Des Moines National Bank Increases Capital

FURTHER evidence of the growth of business of the Des Moines National Bank of Des Moines, Iowa, was recently afforded by a resolution of the board of directors of the bank to increase the capital from $500,000 to $750,000, the full amount of the new stock to be paid in on or before January 15.

The decision to increase the capital of the bank was reached because the business of the Des Moines National Bank has been increasing quite rapidly during the past two or three years, and it has seemed to the officers and directors that an increase in stock should be made in order to give the bank sufficient capital to care for the larger business that is being developed in Des Moines. Of course, an addition of $250,000 to the capital virtually means that the bank has increased its protection to depositors by $500,000, owing to the double liability feature of the National Banking Act. In other words, the protection now afforded by the capital and the double liability of shareholders amounts to $1,500,000, and there is besides over $150,000 of surplus and undivided profits.

A judicious increase of bank capital from time to time as business grows is one of the best indications of safely-progressive bank management. Not only does such a policy afford an enlarged degree of protection to depositors, as already pointed out, but it enables a bank to make larger loans to one person, corporation or firm (the National Banking Act limiting such loans to a certain percentage of capital and surplus), and what is even more important, it adds to a bank's margin of funds and thus greatly enlarges its facilities in caring for the needs of those who do business with it.

DES MOINES NATIONAL BANK, DES MOINES, IA.

Remarkable Success of the Bank.

In the seventeen years that Mr. Reynolds has been an officer of the Des Moines National Bank (two years as cashier and fifteen years as president) the deposits have grown from $550,000 to their present average of about $6,250,000, and within the last two or three years the value of the stock has more than doubled. In fact, the shareholders have derived a very large profit from their holdings. Mr. Reynolds himself owns close to a majority of the shares. How high is the value placed upon his interest in the bank, and the just pride he feels in the institution's growth was strikingly illustrated a short time ago when he was offered the position of first vice-president of the Continental and Commercial National Bank of Chicago—one of the few great official prizes in the banking profession in this country—an offer which he declined, believing that the success of the Des Moines National and its future fully justified the declination of this honor,

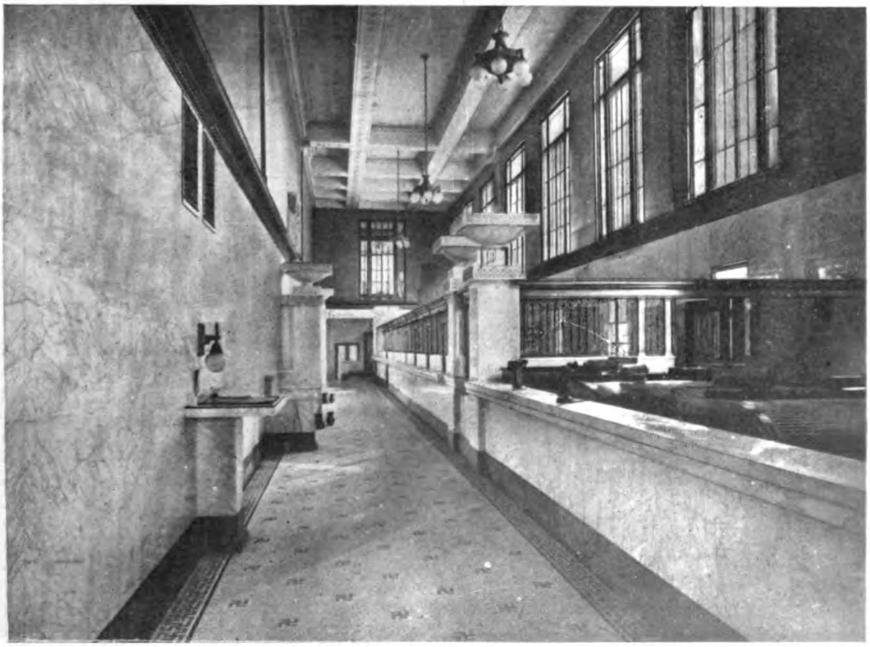
which unquestionably was a very tempting one.

Des Moines National's President Honored by Bankers.

Arthur Reynolds, president of the Des Moines National Bank, like his brother, George M. Reynolds, president of the Continental and Commercial National Bank of Chicago, has been highly honored by the bankers of his own State and by those of the entire country. At the Detroit convention of the American Bankers' Association Mr. Reynolds was chosen first vice-president, and at the convention to be held at Boston next fall he will undoubtedly be elected president, thus receiving the highest honor from an organization composed of about 14,000 of the banks of the United States—a deserved recognition of his success as a banker and of his high personal qualities.

Mr. Reynolds has done much in the way of public service. As a member of the Currency Commission of the American Bankers' Association he has labored earnestly and effectively in behalf of arousing that public interest in banking and currency matters that alone can secure legislative action looking to the correction of admitted defects in our present system. He has delivered many addresses in the course of this work, showing thorough information, sound judgment and breadth of view. His addresses in behalf of the movement for

Arthur Reynolds
PRESIDENT DES MOINES NATIONAL BANK, DES MOINES, IA.; FIRST VICE-PRESIDENT AMERICAN BANKERS' ASSOCIATION



SPACIOUS INTERIOR OF THE DES MOINES NATIONAL BANK, DES MOINES, IA.

DETAIL OF THE COUNTER, DES MOINES NATIONAL BANK, DES MOINES, IA.

MARBLE CHECK DESK AND SEAT, DES MOINES NATIONAL BANK, DES MOINES, IA.

better farming methods have also stimulated much interest in that movement among farmers and bankers. While Mr. Reynolds has the ability, energy and business discernment without which great success in banking would be impossible, his fine personality and readiness to serve others have greatly contributed to his advancement to a prominent place among the bankers of the country.

Why Apples Are High

ACCORDING to an exchange, Hon. William J. Bryan relates this story:

"I know a woman who went to a fruiterer's to buy some apples the other day. The price of the apples shocked her.

" 'Why are these so high?' she complained.

" 'They're high, ma'am,' said the salesman, with a gallant smile, 'because they're so scarce.'

" 'But,' said the woman, 'I read in yesterday's paper that there was such a bumper crop that the apples were rotting on the trees.'

"The salesman rubbed his hands. He smiled more gallantly than ever.

" 'That's just it, madam,' he said. 'That's why they're scarce, of course. It doesn't pay, you see, to pick 'em.' "

The Mechanics Bank, New Haven, Conn.

NEARLY a century ago the Mechanics Bank was established in New Haven. In those days all banks were State institutions and in order to secure a charter it was necessary to grant the State some privilege making it easier to secure the necessary legislation. In this case a subscription of $200,000 of the bank's capital of $500,000 to the bonds of the old Northampton Canal was instrumental in the granting of a very favorable charter by which the stock of the bank was exempted from taxation. In later days when tho canal survived its usefulness and was superseded by the railroad, the bonds became worthless and the bank's capital was reduced to $300,000.

In the early days when New Haven enjoyed an extensive foreign trade the center of business activity was in old State street, where the bank occupied what was then considered a very imposing structure. Thirty-five years ago the bank followed the trend of trade and moved to the corner of Church and Center streets, adjoining the post-office and on this site, enlarged by taking in two adjoining buildings, there was opened in February last a beautiful modern bank building, which is one of the most conspicuous examples of good bank architecture to be found even in this modern era of bank building.

The view presented herewith shows the fine proportions of the new building. The exterior is of white marble strikingly in keeping with the architecural design. The arrangement of the interior is shown by the plan of the main floor on another page.

NEW BUILDING OF THE MECHANICS BANK, NEW HAVEN

The main banking room is beautifully lighted through a leaded art glass dome, which brings out the interior decorations and fixtures in all their attractiveness. The counters and wainscoting are of rich marble, with woodwork of mahogany, which has been brought to a high degree of finish; bronze screens and mosaic floor.

The officers' quarters on either side of the entrance are richly furnished, and ample provision has been made for the ladies and other customers of the bank.

The directors' room, located over the vault in the rear of the building, has been most attractively fitted up. It is reached by a marble stairway, and is finished in mahogany. It is separated from the main room by art glass windows, and is equipped with every convenience for the comfort of the members of the board.

No pains or expense have been spared to make the facilities of the bank as nearly perfect as possible, and equal attention has been paid to the comfort and convenience of the working force and the accommodation of the public.

Although the Mechanics Bank has been in existence since 1824, the past five years have been the period of its greatest growth. During this time the bank has been under the guidance of its present president, William H. Douglass.

Mr. Douglass came to the bank as a director in 1899, was elected vice-president in 1903 and in July, 1907, was made president. During this later period a more aggressive policy was adopted, prominent business men were added to the board and a modern advertising campaign for new business was adopted.

WILLIAM H. DOUGLASS
PRESIDENT MECHANICS BANK, NEW HAVEN

The result of these innovations may best be shown by the following table, showing average deposits and surplus and profits at various times during this period:

	Deposits.	Surplus and Profits.
1900	$388,000	$45,195
1903	493,000	47,691
1907	973,000	86,189
1910	1,450,000	194,565
1913	1,700,000	300,000

Between July and December, 1911, 233 new accounts were brought into the bank

and during the past year the gain in individual accounts has been over 600, showing what vigorous advertising supplemented by the hearty co-operation of directors and staff can accomplish.

William H. Douglass, to whose enterprise and business sagacity the bank owes its rapid progress in recent years, came to New Haven in 1885 and shortly afterwards with John H. Dillon established the firm of Dillon & Douglass, wholesale dealers in butter and eggs. The business of the firm was managed with such success that the one small store of 27 years ago has now come to embrace several great buildings, including a mammoth cold storage warehouse, and branches have been established in Hartford, Springfield, Providence and Worcester. This firm is now the largest distributor of this class of goods in the country, doing a business of $4,000,000 a year. Seven million pounds of butter have been distributed in one year and receipts of eggs have reached 600 car loads in one season.

Mr. Douglass, on account of his business successes, has been much sought after as officer and director of various institutions, but has maintained his determination to confine his attention to his business and the bank.

FRANK B. FRISBIE

CASHIER MECHANICS BANK, NEW HAVEN

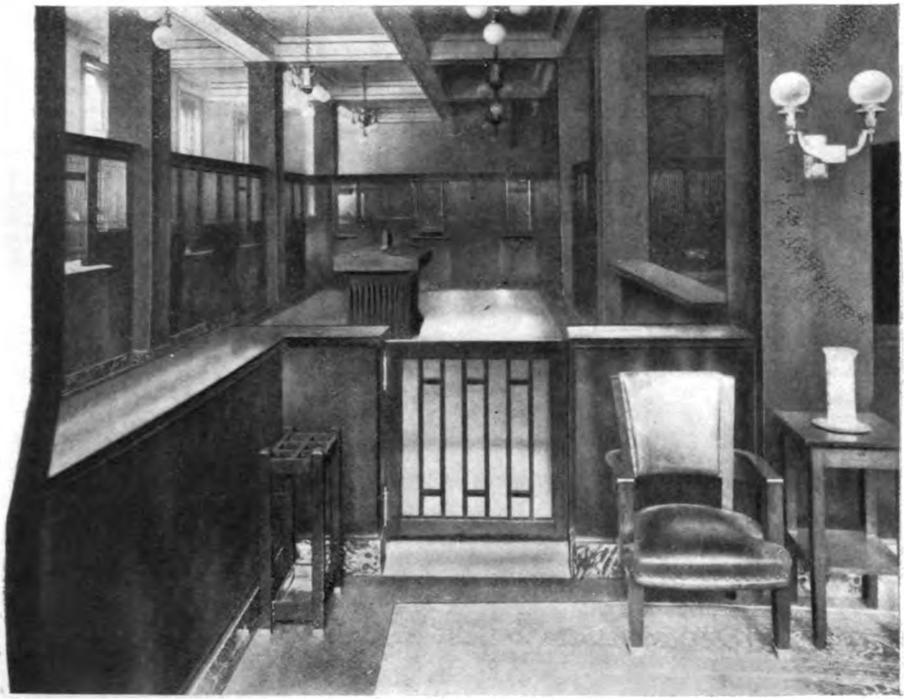
The bank has been fortunate in securing for its cashier Frank B. Frisbie, who started his banking career as a messenger in the National Tradesman's Bank of New Haven, with which he was connected for eighteen years. He worked up through the various positions in this bank to that of assistant cashier, and resigned to accept his present office. By his ability and geniality Mr. Frisbie has won many new friends for the Mechanics Bank.

Buffalo's Remodeled Third National Bank

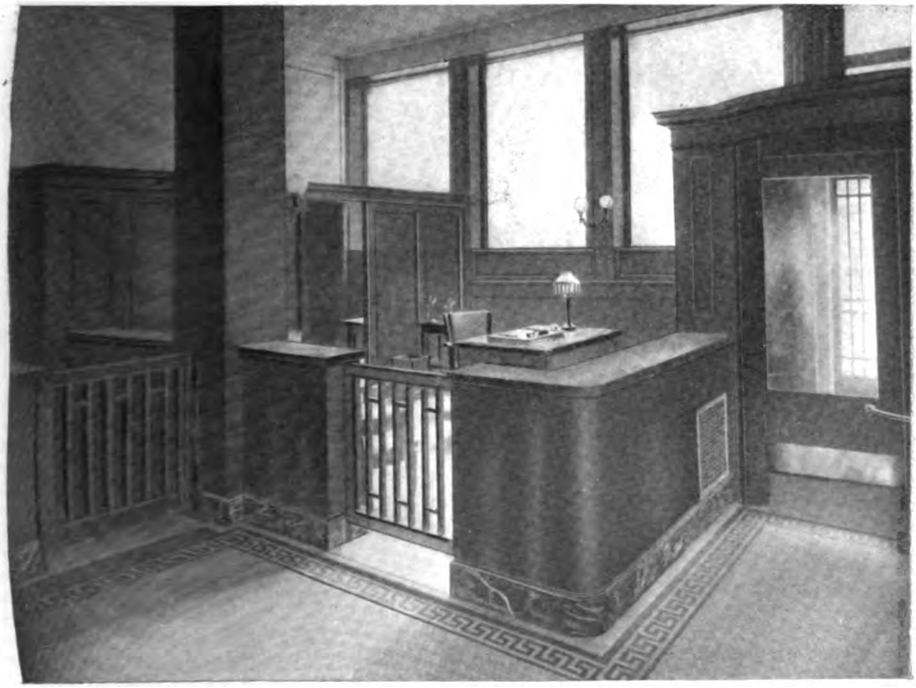
ONE of the old and well-known banks of Buffalo, the Third National Bank, has recently taken possession of their new quarters in the reconstructed building at the southeast corner of Main and Swan streets, which for so many years has been its home.

The banking room has been so transformed that the old customers of that institution might believe they were in a strange place. Every modern convenience has been added to make the bank up to date and in keeping with its standing among the growing banks of that city.

THIRD NATIONAL BANK BUILDING, BUFFALO, N. Y.



GENERAL VIEW OF THE BANKING ROOM, THIRD NATIONAL BANK, BUFFALO, N. Y.



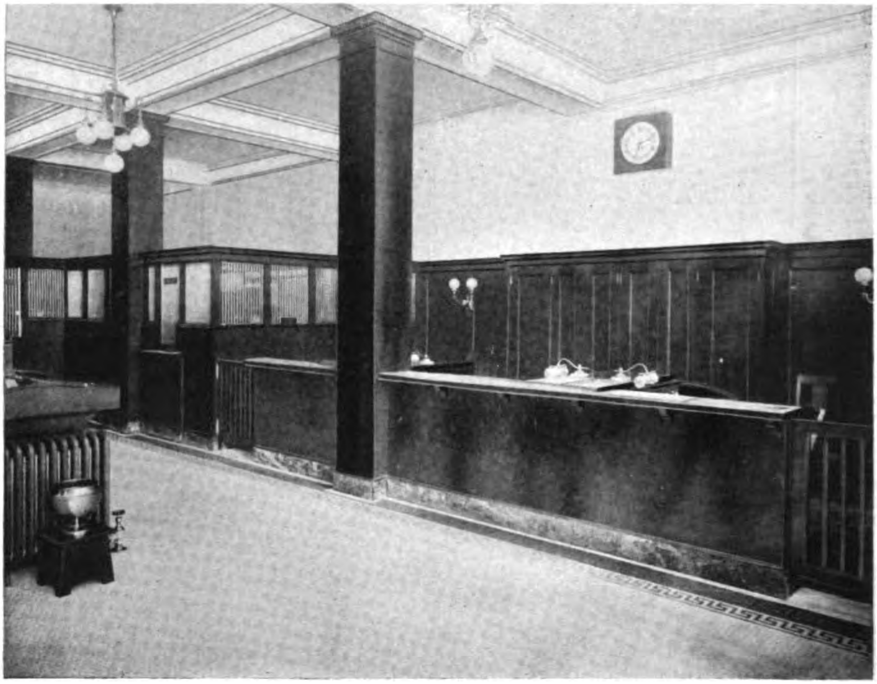
PRESIDENT'S OFFICE, THIRD NATIONAL BANK, BUFFALO, N. Y.

In the new arrangement it has been the desire to make access to the principal offices of the bank as easy as possible. As one enters through the artistic iron-barred doors he finds the officers' quarters then the cages of the various tellers, occupying two sides of the office—the receiving, paying, note, discount and so on—ending, at the left of the entrance, with the women's teller, in connection with whose cage there is a women's room equipped with tables and chairs and other conveniences desirable for the preliminaries attached to the transaction of their business. The great vaults and storerooms are now located in the basement.

Only the best grade of material has been used in fitting up the banking room. The desks and cages are of the richest mahogany with great panels of exquisite grain and texture and finely finished, the metal fittings of the cages and the beautiful electric light fittings are of dull finished brass. The rugs on the floors are of choice Oriental manufacture.

On the second floor the directors have a finely furnished room, in keeping with the public offices on the first floor, for their meetings. This is reached direct by a private stairway. The remainder of the second floor is occupied by the offices of the bank's attorneys, O'Brian & Hamlin. The other floors are rented for general office purposes.

Under the energetic and progressive, yet conservative management of the present officers and directors, the Third National Bank is showing a remarkable growth and development. During the last year its resources have shown an increase of $1,000,000. It is reaching out for and obtaining new business in many directions. Every effort is being made to open new channels and to secure new and desirable connections. President J. W. Robinson, who is head of the Robinson Brothers Lumber Company of North Tonawanda, is known in business circles as a man of sound judgment, conservatively progressive, strong, energetic, a man of ideas and of executive ability. He has been for many years closely identified with business interests in Buffalo, of which city he has been a resident for twenty years, and has many times shown himself to be a thoroughly public spirited man. He was president of the Chamber of Commerce at a critical period in its history, and it was largely through his efforts that that organization was transformed into the force and power in the commercial life



VIEW IN THE BANKING ROOM SHOWING THE VICE PRESIDENTS' AND CASHIERS' DESKS, THIRD NATIONAL BANK, BUFFALO, N. Y.

of Buffalo that it now is. He is the present president of the Buffalo Club. New policies, ably and heartily seconded by the other officers and the directors, have already advanced the Third National and promise to do more in the future.

To Vice-President W. F. Hopkins belongs the credit for having worked out the details of the bank's reconstructed home. His years of practical banking experience and the fact that he had built or rebuilt other banks made him particularly well qualified for this task. Before coming to Buffalo, Mr. Hopkins was cashier of the Peninsular State Bank of Detroit. Prior to that he was connected with the extensive business interests of the Mathers of Cleveland and was vice-president of two of their Michigan banks. Cashier George A. Drummer has been an efficient official of the bank for many years and knows the details of the banking business thoroughly. He has capable assistants in C. J. Ritter and B. C. Ralph, the latter of whom is also paying teller, and both of whom have been familiar figures in the Third National for a long time.

The board of directors has always included among its members some of the leading business men of Buffalo. On the present board, besides the president, vice-president and cashier, are Howard H. Baker, who was postmaster of Buffalo under President Cleveland and long connected with the shipping interests of the city, and who is also vice-president of the bank; Robert Keating of the old leather firm of Root & Keating, and who has for many years been a director of the bank; John N. Scatcherd, one of Buffalo's largest lumber dealers; William B. Hoyt, who is attorney for many large business interests; M. F. Windsor, a leading dealer in live stock; Charles M. Clarke, the insurance man; Philos G. Cook of the Western Elevator Association; John H. Edwards, manager of the Robinson Brothers Lumber Company; George F. Sowerby, also a lumber dealer; Pliny B. McNaughton, the contractor, who is also connected with many big Buffalo business enterprises; Chauncy J. Hamlin, the attorney, and Walter F. Semon of the Frontier Iron Works.

In its new quarters, with added facilities and, under its present management, with a strong progressive policy, the Third National Bank rightly feels that it is in a position to make a stronger bid for business than ever before in its history.

LADIES' DEPARTMENT CONDUCTED EXCLUSIVELY FOR WOMEN, THIRD NATIONAL BANK, BUFFALO, N. Y.

FOREIGN BANKING AND FINANCE

European

ADVANCEMENT IN BANKING OF PRUSSIA.

BANKING in East Prussia is making good progress. Proof of this lies in the gradual development of the eastern banks, which are generally able to satisfy all legitimate demands on them.

AMERICAN BANKS IN GERMANY AND EUROPE.

FOR extending the export trade, the establishing of American banks in the countries of South America, Asia and Africa has often been discussed. The amazing growth of Germany's industries, export trade and national wealth, is, in a large measure, due to the ability and enterprising spirit of German banks displayed in foreign countries and their utilizing the opportunities offered there.

But American banking would also find a vast and profitable field in European countries.

A strictly American bank in Frankfort or Berlin, organized by well-known and trustworthy American financiers and business men, and with ample capital to insure confidence, should apparently soon be able to do a big and paying business. Up to now, the shares of only two American railroads are dealt in at the stock exchanges of Berlin and Frankfort; the dealings in American railroad bonds there, comparatively, amount to little.

A few German speculators handle some of the speculative shares issued in the United States, but, in general, the numerous lines of State and municipal bonds, the bonds and shares of transportation and equipment, land and mining companies are strangers to the European big and little renters, although many of these securities are a more profitable and much safer investment than the stocks which these investors hold in colonial and mining undertakings.

American banks and trust companies would be efficient in distributing American securities in Europe, in promoting export trade, and also in aiding to secure foreign contracts for construction of railroads, car and equipment trusts, public works, electric plants, to furnish naval and military supplies, and to enter into large enterprises for which constructors and promoters of the United States possess ability and capital.

GOOD PROFITS OF RUSSIAN BANKS.

THE revival of trade and industry observed in the course of the current year has had a beneficial influence on the activity of the Russian commercial banks. If no material change takes place in the general situation, the dividends of some of the banks will exceed those of last year.

FRANCE TO INVESTIGATE ECONOMIC CONDITIONS IN CHINA.

A SPECIAL mission composed of French deputies and senators is to be sent to China under the auspices of the Parliamentary group devoted to the development of Franco-Chinese friendship to attend the opening of the Chinese Parliament this month. The members of the mission will also devote some time to a study of the political and economic conditions of China.

Australasian

A. B. MOFFATT OF THE BANK OF NEW SOUTH WALES.

A. B. MOFFATT has been promoted from the management of the Bank of New South Wales at Hay to the charge of the Young Bank.

APPOINTMENT TO THE COMMISSION OF THE PEACE.

J. J. GRAHAM of the Bank of New South Wales, Brisbane, has been appointed to the Commission of the Peace for New South Wales.

COMMONWEALTH BANK.

JAMES KELL of the Bank of Australasia has been appointed deputy-governor of the Commonwealth Bank.

CHANGES AT THE BANK OF AUSTRALASIA.

FOLLOWING are recent changes in the staff of the Bank of Australasia: H. G. Delohery has been appointed accountant at Maitland, N. S. W. Transfers: A. H. Youngman to Pitt street, Sydney; A. C. Bromley to Christchurch; H. G. A. Holcombe to Maitland; A. J. Lancaster, to inspector's office, Melbourne; R. F. Creaghe to relieving staff, N. S. W.; H. E. Halstead to Sydney; W. A. Petherbridge to New castle; E. R. Eury to Sydney.

NEW MEMBER OF THE BOARD.

THOS J. ANDERSON of Erines, Loch Fyne, has joined the London board of the Royal Bank of Queensland, Limited.

L. J. JOHNSON, MANAGER, RESIGNED.

L. J. JOHNSON, manager of the Campbelltown branch of the Commercial Banking Company of Sydney Limited for nine years, has resigned.

UNION BANK OF AUSTRALASIA, LIMITED.

THE following changes and appointments have been made in the staff of the Union Bank of Australasia, Limited: Manager, W. O'Malley, Pahiatua branch. Accountants: G. L. Swan, Charters Tower's branch; H. J. Winn, Millicent branch; G. H. Shields, Moonta branch; D. W. MacLachlan, Port Pirie branch. The branch at Ravensthorpe has been closed.

COMMERCIAL BANK OF AUSTRALIA, LIMITED.

THESE changes are reported in the Commercial Bank of Australia, Limited: E. B. Bednall, to manager Balaklava, S. A.; J. M. Bruce, to manager Nathalia; G. F. Cussons, to manager Eaglehawk; A. C. Dudman, to manager Orbost; I. W. Evans, to manage Chillingollah; A. D. Gaunt, to manager Harrisville (Q.); F. T. F. Pearson, to manager Camberwell; E. A. Rodd, to manager Port Adelaide (S. A.); M. A. Thomas, to manager Charlton.

E. W. FOSBERY, SAVINGS BANK OF NEW SOUTH WALES.

THE resignation has been accepted by the executive council of E. W. Fosbery as a trustee of the Savings Bank of New South Wales, and as vice-president of that institution.

Asiatic

A GOLD CURRENCY FOR INDIA?

ONE of the demands of those who are dissatisfied with the present currency system of India, says the London "Statist," is that that country should be supplied without delay with an independent gold currency. Lord Crewe in his speech on November 14 expressed himself willing to meet this desire. But he intimated, at the same time, that he thought the sovereign too large a coin for Indian requirements, and he suggested that perhaps the handiest and altogether most convenient gold coin would be a five-rupee piece. We are by no means satisfied that the Indian demand for a gold currency is national; on the contrary, we incline to think that it is confined to a very small number of native Indian gentlemen, and to an insignificant section of the European commercial community out there. For that reason we are not in favor of haste in introducing a gold currency. At the same time, if we saw reason to believe that the demand is at all gen- [illegible] that it is really an Indian de- [illegible] we should say without hesitation that the Government ought to comply with it immediately and in no niggard spirit.

Is Such a Currency Needed?

The business of every Government is to provide for the needs of its subjects, and nobody can know so well as the Indian people themselves whether they want or do not want a gold currency. If they have come to the conclusion that they do want it, then beyond question they ought to have it. Therefore, if Lord Crewe, who is in a position to obtain much better information respecting the feeling of India than any journalist can pretend to, has convinced himself that the demand is fairly general, then we applaud his resolution to meet the wishes of the Indian people. But we question much whether he is right in thinking that a five-rupee piece would be the most convenient. It would represent 6s. 8d. ($1.60) of our money—that, is just a third of a sovereign. Why fix upon so awkward a proportion as one-third? Does Lord Crewe propose to issue in-

stead of the half-sovereign a one-third sovereign? Or is there to be another gold coin in the British empire in addition to all the variety of coins already existing? The trade of India is mainly with this country. There is a very large body of British merchants settled in the country, also of British professional men, British managers of railways, mines and so on; while the great bulk of the capital of the railways, as well as of the debt of the Government, is held practically in the United Kingdom. Therefore it would clearly be the most convenient thing to have the moneys of the two countries as nearly as possible the same.

In the old time the rupee was worth 2s. ($.48)—that is, one-tenth of a pound sterling; and the gold mohur was worth far more than a pound. The gold mohur has ceased to exist, and the depreciation of silver has reduced the value of the rupee. But deliberately now to introduce a gold coin representing such an awkward proportion as one-third of a sovereign seems to us open to a variety of powerful objections. We do not see, for one thing, that the sovereign is too large for the requirements of India. The very fact that the mohur circulated so long is against the contention. But, to come down to the present time, Mr. R. W. Gillan, Comptroller-General and Head Commissioner of Paper Currency in India, has shown that the sovereign circulates to a very considerable extent; that in the Punjab it is employed largely in marketing wheat; and that in other provinces, though the employment is less, yet it is increasingly being used. Furthermore, Lord Crewe himself in the speech referred to tells us that the sovereign is circulating more freely and more generally throughout India than formerly; and if it be true, as he appears to believe, that a large body of Indian people and European merchants in India are clamoring for a gold currency, what grounds are there for supposing that the only gold

piece with which in the present day they are familiar, and which they are using more and more, is too large for their requirements. If we understand the Indian demand, such as it is, it is for a coin identical with the British sovereign and coined by a branch of the Royal Mint. For some reason which it is difficult for the ordinary non-official mind to understand our permanent officials have a rooted objection to the establishment of a branch of the Royal Mint in India. There is a branch in Australia, and why it should be impossible to do in India what has been done in Australia passes the wit of man, to quote an expression of Mr. Gladstone's.

Right of India to Get What She Wants.

As far as we can make out, the objection is rooted in sheer prejudice, and the preference for a five-rupee piece over the British sovereign is born of the vanity of officials, who think that they know better than the Indian people themselves what is good for India. It is this vanity that worked so much mischief in Ireland. If Lord Crewe is wise he will disregard it altogether. While if he complies with the Indian demand he will comply with that demand in its entirety. He will not pompously tell Indian people that he and his advisers in London know better than they on the spot what India wants. He will give them a branch of the Royal Mint and he will give them the sovereign—always assuming that he makes sure of the existence of an Indian demand for a gold currency.

There is a fear that the establishment of a branch of the Royal Mint in India and the issue of an Indian currency might make more formidable than it is at present the demand of India for gold. We fail to see any ground whatsoever for the fear. For good or for evil the British Government, yielding to the agitation of the civil and military services in India, abolished the old currency system of that country and established the gold standard. It was inevitable that sooner or later doctrinaires, who are always in extremes and always wrong, should get up a cry that what was done ought to be completed by the issue of a gold currency. We showed, we hope to the satisfaction of our readers, that there is no connection between a gold standard and a gold currency. But however that may be, it is palpable to everybody that there has grown up a strong demand in India for gold. Always from time immemorial, India has been a hoarder both of gold and of silver. Before the closing of the mints silver was greatly preferred. Recently the preference has been for gold, and the demand is practically as much for the sovereign as for the gold bar. Even now, when the prosperity of India is so great, the purchases of gold bars every Monday in the London open market rarely exceed on one day £200,000 ($1,000,000). On the other hand, in the first

eight months of the current calendar year the imports of gold from Australia alone amounted to £7,980,000 ($39,-900,000). The preference for the coined metal, then, is becoming more and more marked. Yet Lord Crewe, prompted, no doubt, by his professional advisers, declared that the sovereign is too large a coin for India.

A Welcome Change in the Habits of the Indian People.

There is one other point in Lord Crewe's speech which we have read with exceedingly great pleasure, and it has a bearing upon this argument that the speaker did not seem to seize. He told the House of Lords that there are signs that the Indian people are at last beginning to recognize that in hoarding the precious metals they are depriving themselves of a very valuable addition to their incomes, and are putting it out of their power to construct many of those great public works which are so urgently needed in our great Dependency. If that be true—and we are only too glad to believe that it is true—then it follows unquestionably that the demand for gold will increase. If Indians, instead of hoarding, as in the past, employ any considerable proportion of their savings for investment they will add immensely to the productive power of the country and, therefore, to its trade. In that case they will not only need more gold, but also they will grow ambitious to be on a footing of equality in regard to their currency with the greatest nations of the world. Moreover, it is never to be lost sight of that once China settles down she will need a great currency system. Apparently she is not advanced enough yet to endow herself with a gold currency. If she is wise she will begin, at all events, with a silver currency. And if she does it is quite possible, now that the habit of hoarding is weakening and the habit of investing is awaking, that India may be able to sell a large proportion, or at all events a considerable proportion, of her silver hoards to China. In that event she will be able to provide herself with the gold she may desire without trenching much upon her current savings.

REPRESENTATIVES OF CHINA SEEKING LOANS.

PROF. YUEN CHING, of the Provincial Higher Normal School, has left Hong Kong for Honolulu, where he met the Provincial treasurer, Liu Ching Soi, and R. O. Johnson, superintendent of public works. They are proceeding together to the United States to negotiate for further loans. Liu and Johnson have been in Pekin consulting the officials in the ministry of finance. Prof. Yuen represents a private banking association while Liu and Johnson represent the Government. Prof. Yuen is a graduate of the University of Chicago.

The contract for a $5,000,000 Amer-

ica loan has been approved in Pekin, where the sewerage tax was substituted as security instead of the land tax, as was at first proposed.

ANGLO-BELGIAN BANK IN CHINA.

IT is reported that a British-Belgian bank has been formed in Shanghai with a share capital of 1,000,000 taels ($700,000). It is proposed to negotiate loans, particularly in connection with mining and railway concessions. For the moment it is intended to establish a mortgage bank in Belgium for Chinese land values and the construction of harbor works in Shanghai, Nanking and Hankow, as well as the working of mines in the Yangtze Valley.

FOREIGN BANKS IN JAPAN.

IT is reported that there are now fourteen branches of foreign banks in Japan, eight being in Yokohama, four in Kobe and one each in Tokyo and Nagasaki. English banks lead with five branches, four are American, two German, two Chinese and one Russian.

Latin America

BRAZILIAN AGRICULTURE.

SINCE the conclusion of the strike at Santos, the coffee movement has been very brisk. During the strike the value of shipments for the crop fell considerably below the value at the same date last year. This has now been readjusted, and the value of shipments for the crop from July 1 to December 1 was £13,169,548 at Rio and Santos, or £781,974 more than at the same time last year.

How great an effect the high prices are having on the market will be seen when it is understood that the total entries at Rio and Santos were 4,436,039 bags, as against 5,517,528 bags at the same date last year. Thus, though, entries are more than 1,000,000 bags less than last year, the value of shipments is nearly £800,000 more.

Prices at present show an increase over last year, and they should continue to do so in view of the reduced estimates for the growing crop caused by the frost. In point of fact, the people are now trying to a certain extent to minimize the effects of the frost, but there does not seem to be any doubt that a reduction of twenty per cent. in estimates will be more or less the true state of affairs—so far, that is, as it is ever possible to estimate a growing crop.

With rubber prices so low, in spite of the reduced stocks at Para and Manaos, the country is still depending on coffee to carry it through. In view of the fact that the frost certainly did a good deal of damage, there is no reason why coffee prices should weaken, unless they first bound very high and cause a marked falling off in consumption. This would not seem to be likely, however, and, therefore, for the present the country may look to coffee with certainty and confidence to carry the burden. None the less, this is not a satisfactory state of affairs, and it is as well that in Government circles the need for encouraging agriculture generally is being recognized. Much is looked for from the measures which are being taken to help rubber in the north. It may be as well in this connection to point out that the scheme for the helping of the industry is in no sense a "valorization" plan, such as was frankly the case with coffee, but a wide and far-reaching measure which will aid planters and the industry by natural means and by healthy stimulation. The coffee valorization scheme was evolved to keep coffee prices from going down. The rubber regulations will develop that industry and so increase production and reduce its cost and eventually make even low prices profitable.—*Journal of Commerce, New York.*

GUATEMALAN LOAN NEAR.

IT has been announced that a contract for a loan of $30,000,000 for the rehabilitation of Guatemalan finances, signed by a syndicate of New York bankers, has been sent to President Estrada Cabrera for presentation to the Guatemalan Congress. Assurances have been received from the Guatemalan Government that should the contract be there at that date a special session of the Assembly will be called to meet about the fifteenth of this month.

BRAZIL'S ECONOMIC STATE.

THE economic conditions in Brazil during 1911 were on the whole satisfactory. The northern part suffered from the decline in both quantity and value of exports of rubber, from failures of the tobacco and sugar crops, and a decline in cotton prices; but the country's favorable balance of trade was maintained by the increased value of coffee exports. This favorable balance, combined with large investments of foreign capital in State, federal and city loans and in railways and private undertakings of all kinds in Brazil was an important factor in preserving the stability of the currency and in maintaining financial equilibrium

abroad. Money was so plentiful during the year that the discount rate for first-class bills at times was as low as five per cent.

BANK OF COLOMBIA, BOGOTA, COLOMBIA.

A TIMELY thought has been sent out by the Bank of Colombia, Bogota, Colombia, in the form of a postal card, wishing its friends and correspondents a Happy New Year and containing the photograph herewith of the Foreign Exchange Department conducted by that institution.

VESTIBULE OF THE FOREIGN EXCHANGE DEPARTMENT, BANK OF COLOMBIA, BOGOTA, COLOMBIA

BANK AT THE CUYO PROVINCES, ARGENTINE.

A REPORT from the Cuyo Provinces states that a new bank, the Banco Belga, with a capital of 3,000,000 francs ($579,000), has commenced operations. The bank, it is understood, will chiefly direct its operations toward favoring industrial enterprises in this Province.

BANCO COMERCIAL OF BARRANQUILLA, COLOMBIA.

A STATEMENT of the Banco Comercial de Barranquilla gives the capital of the bank as $250,000, all of which has been issued with the exception of $67,300 held in the bank for sale. The bank has reserve funds of $27,438, deposits subject to check total $12,677, accounts current aggregate $132,158, and the daily balances amount to $549,955. The bank owns other banking and insurance stock amounting to $15,000 and real estate worth $15,000. Its deposits in other banks aggregate $9,280, its foreign accounts $161,639, and its floating accounts $12,210. Loans and discounts totaled $241,159, and the amount of cash on hand June 30 was $27,111. The bank paid a dividend of six per cent. for the six months' period and increased its reserve fund by $257.

This bank has perfected arrangements whereby it may draw drafts on certain banks in the United States and Europe, which are payable anywhere, and it has numerous correspondents, especially in the United States. This is the only bank in Barranquilla which issues a statement, all other banking concerns being purely private.

NATIONAL BANK PROFITS IN ARGENTINE.

THE entire profits of the Bank of the Nation are now appropriated in equal shares to the increase of the capital and of the reserve fund of the bank. The bank operated last year with its own capital of $121,000,000 in paper money ($1 of which equals $0.4246 United States currency) with a reserve fund of $11,500,000 gold ($1 of which equals $0.965 United States

currency) with the conversion fund of $30,000,000 gold, with judicial deposits amounting to $251,000 gold and nearly $39,000,000 paper, and with general deposits to the amount of $374,000,000 paper. The profits realized amounted to $8,641,881 paper, representing about six per cent. on the capital and the reserve funds. As regards deposits, the bank held at the end of the year cash to the amount of $34,000,000 gold and near $100,000,000 paper.

The Bank of the Nation is a Government department, managed by Government officials and worked with capital borrowed from the people by the issuing of paper money and increased by taxation for the formation of the conversion fund, such being, practically, the operation of the appropriation of revenue to that fund, which the bank employs partly in operations of foreign exchange and partly for its general business.

New Issue of Counterfeit $20 Gold Certificate

THERE have appeared in circulation, $20 Gold Certificates, identical in every respect with those described in our circular letters, No. 347, dated April 27, 1912, and No. 352, dated November 19, 1912, with the exception that this new issue bears check letter "B" plate number 111, and the serial number B569831.

A. I. B. Man Honored

THE recent election of George H. Richards as secretary of the Minnesota Bankers' Association emphasizes again the important part that institute men are assuming in the financial world. The American Institute of Banking was organized only a decade ago and in that short period of time, according to good authority, over seven hundred of its members have been made bank officers, while a goodly number have been distinguished by just such an honor as has come to Mr. Richards.

Mr. Richards started his activity in the institute when the organization was founded. He was a charter member of Minneapolis chapter, and in 1905 was made its president. He was chairman of the national convention which was held at Atlantic City in 1906, where his ability as an executive and as a presiding officer was exhibited to splendid advantage. In 1908 he was elected to the executive council of the institute and served on that body with marked distinction.

Mr. Richards' election as secretary of the Minnesota Bankers' Association is a most popular one and will, no doubt, result in great good to that organization.

A New Bank Bill

CHARLES N. FOWLER of New Jersey has drafted a new banking bill, which was offered in Congress on December 2, by his request. Mr. Fowler was for six years chairman of the Banking and Currency Committee of the House of Representatives. With reference to this bill, Mr. Fowler said: "I regard the financial and banking question by far the greatest question before the American people and more important than all the others combined. Do you know that the banking resources of the United States are now almost one-half of the banking resources of the entire world, being forty-five per cent. of them; and that our banking resources exceed $25,000,000,000?

"This may sound strange, but it is nevertheless true that our coming prosperity is at present our greatest peril, and just as certain as we travel along the road of greatly increased business we shall move just as certainly in the direction of a commercial crisis. There should, therefore, be no delay in the matter, and I hope the press of the country will consider it a part of their work and public duty to help in this matter as much as possible."

BANKING AND FINANCIAL NOTES

EASTERN STATES

New York City

—Vincent Astor, who on his twenty-first birthday came into full possession of the vast estate of his father, the late Col. John Jacob Astor, has been elected to the latter's place on the board of directors of the Astor Trust Company.

—A permanent organization was affected on November 26, by the Bankers' Club. The active membership of the club includes the department managers and clerks of the Bankers' Trust Company, the officers of the company to be associate members.

The purposes of the club are stated in the constitution as the social and educational advancement of its members, the promotion of good fellowship among them, and the perpetuation of their enthusiastic loyalty to the Bankers' Trust Company.

Edwin B. Wilson was elected president; George F. Trefcer, vice-president; H. D. Burrell, secretary, and W. H. Paret, treasurer, to serve for the club's first year.

It is understood that the club will coordinate all of the present athletic, social and educational activities of the employees of the trust company, besides adding many new features for the mutual interests of the company and its employees.

—At a recent meeting of the stockholders of the Flushing National Bank of Flushing, Borough of Queens, Ellis Parker Butler, the author, was elected a director. Other directors chosen were Frank B. McCord, Clarence M. Lowes and C. H. Roberts.

—General Thomas L. James, formerly president of the Lincoln National Bank, and Charles E. Warren, his successor in that important office, have had interesting business careers.

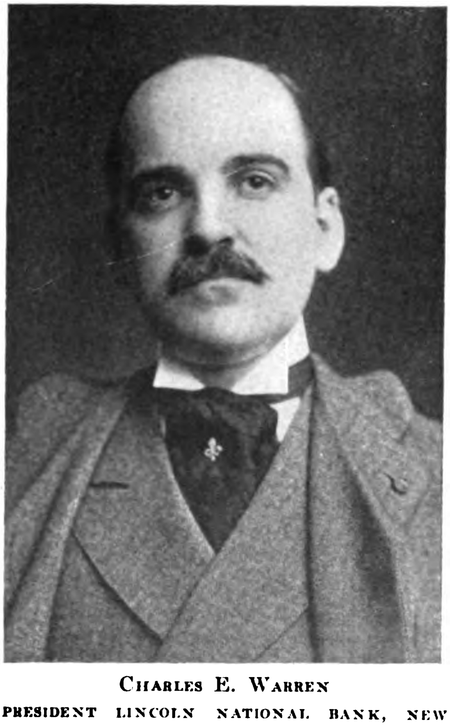
General James came to New York in 1861, and became an inspector of the port, being soon promoted to the position of deputy collector of the Third Warehouse Division.

General Thomas L. James
FORMER PRESIDENT LINCOLN NATIONAL BANK, NEW YORK, N. Y.

In 1872 he was appointed postmaster of New York by President Grant, and reappointed by President Hayes, and in 1881 became Postmaster General under President Garfield. On resigning the following year he became president of the Lincoln National Bank, which position he filled ever since.

Mr. Warren commenced his business life in the financial line with Fahnestock & Co., bankers and brokers, and received his initial bank training in the First National Bank. Shortly after the incorporation of the Lincoln National Bank he went into that institution as confidential clerk to General James, the president. He served in every capacity through the various departments, becoming assistant cashier, cashier and vice-president.

At present, in addition to his duties at the bank, Mr. Warren is treasurer of the Eastern Power Company and vice-president and treasurer of the Erie & Kalamazoo Railroad Company. He has been prominent in the affairs of the New York State Bankers' Association, and was president of that organization for one term. In the New York Clearing House Association he has been a member of the committee on admissions, and during the troublous times of 1907 was a member of the examining committee which passed on over $700,000,000 worth of securities offered for certification.



Charles E. Warren

President Lincoln National Bank, New York, N. Y.

—One of New York's larger banks, the Fourth National, issues a strong statement of November 26, 1912, which reports capital of $5,000,000, surplus and undivided profits of $5,874,092 and deposits totalling $38,357,865. This institution offers to depositors every facility which their balances, business and responsibility warrant.

FOURTH NATIONAL BANK, NEW YORK

—The second annual meeting of the Guaranty Club, composed of officers and clerks of the Guaranty Trust Company, was addressed by A. J. Hemphill, president of the Guaranty Trust Company and by Charles H. Sabin and William C. Potter, vice-presidents of the company. Reports of the various standing committees, including the savings, entertainment, athletic and library committees, indicated that the club is in a very strong position. The following men were elected officers for the ensuing year: R. J. F. Allen, president; James Steel, vice-president; C. F. Bruder, Jr., treasurer; Ralph, Dawson, secretary.

The Guaranty Club was organized nearly two years ago and has demonstrated the value of such an organization among the employees of a great corporation. It has a membership of over three hundred. Athletic meets, fellowship dinners and debates make up a portion of the club's program, in addition to which successful baseball and bowling teams are maintained.

It is expected that the club will enter

a still wider sphere of activity and usefulness when the Guaranty Trust Company occupies its new building, now being erected at the corner of Broadway and Liberty streets.

—General Brayton Ives, who recently retired as president of the Metropolitan Trust Company of this city, has resigned as a director of the National Bank of Commerce.

—Herbert P. Howell, whose election as vice-president of the National Bank of Commerce became effective January 1, has been at the head of the credit department of the Carnegie Steel Company for the past eleven years. In that time Mr. Howell has come to be considered as a credit man possessed of great ability and of peculiarly accurate information; more than that, as a credit man who has the facility of securing correct information along credit lines and of being able to impart it to others clearly and with exceptional thoroughness. Because of his unusual ability in this line, his counsel and opinions on credits have been constantly sought by most of the banks and trust companies throughout the country.

Herbert P. Howell

RECENTLY ELECTED VICE-PRESIDENT, NATIONAL BANK OF COMMERCE.

The story of Mr. Howell's business career is the story of the development of the Carnegie Steel Company for more than twenty years. He has had only two employers. One was the proprietor of the country store in Westmoreland County, Pennsylvania, where he worked as a boy while he spent his evenings carrying on the education which he had received in the district school near his home.

All but sixteen of his thirty-nine years—he was born on April 3, 1873—Mr. Howell has spent with the Carnegie Steel Company. His first job, which he held for a year, was as clerk on the night force that

handled the shipping records of the company. A knowledge of the general business methods of the organization and of the products which it manufactured came to him in this position. In 1890 he was transferred to the sales department. Here there was extraordinary opportunity for development because it was the fastest growing department in the company on account of the increased demand for steel and the general expansion of the business in the early nineties.

Mr. Howell's experience in the selling branch of the business continued until 1896, when, with the formation of a credit department, he was promoted to take a position of responsibility in this new phase of the organization's activity. It was in 1901 that Mr. Howell was made head of this department, which has had the benefit of his judgment and energies ever since that time.

His associates believe that one of the chief elements contributing to Mr. Howell's successful management of the credit department has been his method of conducting its relations with the steel trade. It has been one of his ideas that to advance relations at once cordial and effective it was necessary for either the head of the department or his assistant to visit the trade with considerable frequency. He has put this idea into practice through the years that the department has been under his direction. It is believed by many of Mr. Howell's friends that the personal knowledge thus directly acquired enabled him to give evidence of the qualities which first attracted the attention of eastern bankers.

—James E. Miller, formerly assistant secretary of the Columbia-Knickerbocker Trust Company, has been elected one of its vice-presidents. Mr. Miller will be at the uptown office of the company, Thirty-fourth street and Fifth avenue.

—Plans for the new home of the Mechanics' and Metals National Bank in the property recently purchased at 50 Wall Street, adjoining the Bank of New York, are being prepared by Palmer, Hornbostle & Jones. The alterations include the remodelling of the entire interior commensurate with the needs of the bank. The officers of this bank are Gates W. McGarrah,

president; Alex. E. Orr, N. F. Palmer, F. W. Allen, F. O. Roe, W. F. Albertsen, vice-presidents; J. S. House, cashier; R. U. Graff, J. Robinson, C. E. Miller assistant cashiers.

Its capital is $6,000,000, surplus and undivided profits are $8,497,000, and deposits $70,909,000.

—R. J. F. Allen, chief clerk of the Guaranty Trust Company, has been elected assistant trust officer of that institution. Mr. Allen has been connected with that company since October, 1911, before that time having been associated in various capacities for about twenty years with the United States Treasury Department at Washington, D. C.

John J. Lewis, who has been acting chief clerk for the past several months, succeeds Mr. Allen as chief clerk.

—Edwin G. Merrill, president of the Union Trust Company, has been elected a director of the Missouri Pacific Railway Company, in place of Frederick T. Gates, resigned. Mr. Merrill was also elected a member of the executive committee.

—E. V. Connolly, who has been cashier of the Aetna National Bank for the past three years, resigned December 19 to accept the presidency of the Commercial National Bank of Long Island City.

Mr. Connolly received his banking training in the First National Bank. He was with this institution from May, 1893, to January, 1905, when he became assistant cashier of the Aetna National Bank. He was appointed cashier in 1909, and is now but about thirty-five years of age. With his twenty years of banking experience and his energetic personality, Mr. Connolly will undoubtedly be of great worth with that bank.

E. V. CONNOLLY

RECENTLY CHOSEN PRESIDENT COMMERCIAL NATIONAL BANK

—The board of directors of the Guaranty Trust Company of New York declared a quarterly dividend of six per cent. and an extra dividend of two per cent. on the

capital stock of the company, payable December 31, 1912, to stockholders of record at the close of business December 27, 1912.

—General Warren M. Healey of Healey & Company, carriage manufacturers, and R. V. Lewis, of Lewis & Conger, have been elected directors of the Hudson Trust Company.

—Lewis L. Clarke, president of the American Exchange National Bank of New York, has been elected a director of the First National Bank of Tenafly, N. J.

—E. G. McWilliams, president of the New York Chapter of the American Institute of Banking, delivered an interesting address on December 6 at the annual meeting of the Connecticut Savings Bank Association at Hartford, Conn., on "The Campaign of Education on Savings and Thrift." Mr. McWilliams is also secretary of the Savings Bank Section of the American Bankers' Association.

—The French Government has appointed A. Barton Hepburn, chairman of the board of the Chase National Bank of New York, an officer of the Legion of Honor as an appreciation of the part taken by the Chamber of Commerce in the reception of the French Champlain delegation which visited New York last May.

—The Guaranty Trust Company has distributed to its force of three hundred and fifty employees a Christmas bonus of ten per cent. of their yearly salaries.

Philadelphia

—A severe arraignment of present methods of tariff making especially as illustrated by the Payne-Aldrich Law was made on December 6, by Professor C. W. A. Veditz, of the George Washington University, former chief examiner of the United States Tariff Board, in an address on the Proper Functions of a Tariff Commission delivered before the Philadelphia Chapter of the American Institute of Banking. As the speaker was connected with the Tariff Board at Washington until its abolition last summer, his references to the work of the board were of peculiar significance.

He regretted that the Tariff Board had had "saddled upon it from the start the incubus of an absurd theory of tariff adjustment, namely the so-called comparative cost of production theory of pro-

tection, according to which the tariff should be so adjusted upon each article as to impose a duty equivalent to the difference between the domestic and the foreign cost of production, plus a reasonable profit for the American manufacturer." Despite its appearance of scientific accuracy, this cost of production theory, said the speaker, was arrant nonsense. No permanent branch of the government should have its work and investigations shaped in the light of a partisan and impossible economic theory; and in the last analysis it was this misfortune that probably led to the abolition of the Tariff Board, which could certainly have performed a multitude of useful services regardless of the dominant political situation.

The Payne-Aldrich Tariff, said Dr. Veditz, was the result of nearly three years' deliberation on the part of the Republican Congress. There was less haste in its enactment than in that of most tariff laws. The Democrats were too weak and too divided at that time to have any effect whatever upon shaping tariff legislation. The act was the best that under prevailing methods could have been obtained; but these methods are defective and inadequate, not to say vicious, beyond expression. The ways and means committee could not and did not obtain anything like an adequate knowledge of the factors involved. As in previous years, it had to rely upon ex parte, conflicting, misleading and incomplete testimony. The committee was deliberately misled in a number of instances. The debate on the bill in the House was a curiosity in the history of fiscal legislation. There was no opportunity either for genuine argument or for amendment of crucial paragraphs.

Whether we are to have a tariff for protection or a tariff for revenue, there ought to be devised some means for collecting information about industrial conditions at home and abroad and the effect of different tariff rates upon them. A Tariff Board could help revise the present obsolete classifications; it could translate the tariff into plain English; it should show the relation between duties and prices; it could help educate Congress and the people as to industrial conditions here and in competing countries. What is needed in our tariff making, whether for revenue or protection, is more light—more adequate and reliable information. Now there is no way to get it, and Congress and the people are at the mercy of schemers and corruptionists.

—Statistics compiled from reports of the sixty-six trust companies of Philadelphia as of November 2, 1912, furnished by the

Philadelphia News Bureau, show that the companies earned 17.87 per cent. on their capital and 6.9 per cent. on their capital, surplus and profits. Compared with reports of a year ago, the average on the same was 7.5 per cent., the difference being accounted for in the low loaning rates in the first part of the year. In the face of this the report shows the average book value has advanced from $246 to $259, and the income for the past year has risen from 5.12 to 5.14 per cent.

—Otto C. Wolf has been elected vice-president of the Northwestern National Bank, succeeding the late August W. Woebken.

—Clarence L. Harper, vice-president of the Merchants-Union Trust Company, has arranged to resign to go into private banking business with Albert E. Turner, formerly of Edward B. Smith & Co.

—E. B. Warner, heretofore assistant treasurer of the Belmont Trust Company, has been elected treasurer of the institution. Frederick K. Mears has been made a director of the company, succeeding Albert L. Hoskins, resigned.

—An article by Arthur H. Eyles, Jr., in the December Bankers Magazine entitled "The Protesting of Checks," stated in its title that Mr. Eyles was manager of the trust department in the Franklin National Bank. Mr. Eyles is manager of the transit department, not the trust section.

—It is said that the Franklin Trust Company will shortly erect a new building on Chestnut street.

Boston

—Frank R. Briggs, treasurer of the Thomas G. Plant Company, has been elected a director of the People's National Bank.

—Arthur M. Alger has been elected a director of the Commonwealth Trust Company, to fill a vacancy. Mr. Alger is a vice-president and trustee of the Taunton Savings Bank and a director of the Taunton National Bank, both of Taunton, Mass. He is also Judge of the Probate Court for Bristol County.

—Frank Cornell, paying teller of the South End National Bank, has been elected cashier to succeed Henry F. Goodnow, who resigned.

Pittsburgh

—At the annual meeting of the stockholders of the Colonial Trust Company the following directors were elected: E. V. Babcock, F. R. Babcock, John A. Bell, L. A. Breneman, J. D. Callery, J. C. Chaplin, J. W. Donnan, Thomas M. Evans, Jerome Hill, E. H. Jennings, James S. Kuhn, O. E. Nieman, Edward O'Neil, Eugene S. Reilly, J. V. Ritts, C. H. Stolzenbach, A. E. Succop, John S. Wilson and W. R. Woodford.

—The Union Savings Bank has moved into its new quarters on the ground floor of the Frick Building. The bank was organized in 1902 and since that time the deposits have grown to $8,000,000. The capital is $1,000,000 and the surplus $750,000, while the bank has about 33,000 depositors.

—Myron T. Herrick, the American ambassador to France, who was at Washington the past month agitating the establishment of agricultural credit banks as a means to bring cheap and abundant capital to farmers for the further development of their lands, made public the following letter which he has received from David Lubin, American delegate to the International Institute of Agriculture at Rome, Italy, praising President Taft's efforts to bring financial assistance to the American farmers:

"President Taft and yourself have spoken, and spoken down the ages of history. Our time, in its contemporary activities, is filled to overflowing with important events; important in the domain of the concrete and the abstract, of the sacred and the secular, of conservation and progress; but when distance of time shall have intervened and the brilliancy of many of these events shall have dimmed, the movement set going in the United States by the letter of President Taft and by your report shall stand and shine forth from among these, undimmed by time and unobscured by events to come.

"Why? Because you have by this act set in motion a current in political history which shall at last render popular government stable.

"You and I know that popular government is not a new experiment. We know that republics were, but that they faded away and perished.

"Why? Because the coalesced progressive forces of the cities devoured the uncoalesced conservative forces of the country. And do we not know that if we are to conserve the Republic we must conserve the conservative of the Republic, the farmer?

"To President Taft and to yourself belongs the honor of not alone knowing this cardinal truth, but of harnessing the proper means toward this end; of shaping the course of the Ship of State along the path which she should ever travel; when the State shall no longer swing to and fro, from progress to reaction, like a pendulum, but move in a well-defined evolutionary orbit.

"And thus the movement you have set going will tend to promote an 'experiment' into an enduring Republic—a Republic not merely of value to its own citizens but likewise of value, through its influence, to all the world.

"If this statement of the case seems too bold it is because we are living too close to the initiative; time will rectify that.

"God speed you in your great endeavor.

"Sincerely, "DAVID LUBIN."

—A call is being sent to brokers throughout the United States and Canada to attend the organization meeting of the proposed International Association of Brokers, which will be held either in Chicago or New York on February 20, 1913.

Security dealers doing business on a capitalization of $5,000 or over, will be admitted to membership in the proposed organization, and the first 400 to send in membership applications will be enrolled as charter members.

The organization will have for its purposes the banding together of the brokers in the United States and Canada for freer discussion of matters of mutual interest and concern; enlarging the field in which its members may seek to do business; aid by its influence and advice in securing the enactment of such legislation as will tend to specifically prohibit the floating of any

financial proposition that is not sound, and by doing so at least help in a measure to protect the members and the investing public from questionable or unsound corporate promotions; to discuss and offer for legislative remedy such recommendations as the association may deem advisable; lend the voice of the association to secure either the passage or defeat of measures relating to investments, and work for the establishment of a national bureau of investigation for all corporate promotions, which shall report favorably upon any proposition before it shall be recommended to the members of the association or the public at large.

Several thousand letters have been sent to the members of the profession and a large number of replies have been received. It is anticipated that 500 men, at least, will be at the opening meeting.

J. N. Sechrest of Buffalo is acting chairman of the organization committee.

—During the latter part of November, the new building of the American National Bank at Newark, N. J., was formally opened. The structure is five stories in height, of which the bank occupies the three lower floors.

—Thomas K. Johnson, deputy State banking and insurance commissioner in New Jersey since the department was organized, has been renamed deputy by Commissioner La Monte, and was sworn into office by Justice Trenchard, of Trenton, N. J.

—Offices were filled recently to take the place of vacancies in the Utica Trust and Deposit Company, Utica, N. Y. Richard U. Sherman and Frank A. Bosworth were elected directors in place of the late Hon. James S. Sherman and Charles A. Butler, and J. Francis Day, who has served efficiently as secretary since the company was incorporated, was unanimously elected president. Mr. Day has made an excellent record and enviable reputation for himself as an officer of the company; and owing to the fact that Mr. Sherman was necessarily absent from the city a large part of his time the work was all the more responsible and arduous.

Mr. Day gave it his entire time and attention and rendered exceptionally valuable service, which is thoroughly understood and appreciated by the directors. His election insures the continuance of the same conduct and policies which have made the company so successful ever since its organization.

—During 1911, the State Banking Department made a number of special investigations of business not directly brought under its supervision by statute but closely allied to banking. Superintendent George C. Van Tuyl, Jr., reported on these matters recently to the Legislature. In a statement given out he said:

Most important of such investigations was an inquiry into the status of so-called real estate companies which make a business of selling securities to the public. Although the facts developed in New York City made it possible to effect some improvements by warnings sent to certain corporations believed to be violating the law regulating the business of mortgage, loan or investment corporations the superintendent desires to renew his recommendation of last year for the necessity of placing such real estate corporations under adequate supervision and examination. At present it is practically impossible in many instances to determine whether a corporation is simply borrowing money for the purpose of developing its real estate and conducting its business properly or has for its real purpose the sale of its bonds and obligations to the general public.

Another special inquiry was made into the affairs of concerns making illegal use of the words "bank" and "savings," and of corporations doing an unauthorized banking business. This involved certain private bankers whose operations had resulted in deceiving the public and also certain large department stores in first class

cities. The Banking Department has insisted upon the discontinuance of illegal practices. Private bankers have been warned against offending against the law prohibiting the use by them of the words "bank" and "savings."

Department stores have been compelled to comply with the legal requirements. The situation with respect to the business conducted by these department stores is, however, not regarded as altogether satisfactory, and the matter of strengthening the law with reference to them and other private bankers so as to bring them under adequate supervision is receiving the attention of the authorities of several States.

The banking law has at all times, and in the opinion of the Superintendent of Banks wisely, permitted moneyed corporations organized under it to make loans upon real estate security. The failures of State institutions that occurred during the panic of 1907, however, demonstrated that this privilege had been grossly abused.

During last year the banking department took occasion to criticise the defective accounting systems in banks and recommends changes which would correct the defects complained of.

—Assistant Treasurer of the United States Gideon C. Bantz has resigned. Mr. Bantz was originally appointed by President Grant, and has been considered invaluable by treasurers of the United States in the last forty years.

—Negotiations have been closed at Albany, N. Y., for the consolidation of the Albany County Bank with the New York State National Bank.

The combined capital of the institutions is $750,000, surplus slightly less than $1,000,000. and deposits of approximately $20,000,000. John R. Carnell, president of the Albany County Bank, and Seth Wheeler will be elected to the board of directors of the State Bank, while William N. S. Saunders, cashier, will remain as treasurer of the savings bank.

—A report of the Union Trust Company, Providence, R. I., for the year ending October 31, 1911, shows that deposits have increased $1,544,862.

The report further showed that the net earnings of the corporation were $117,477.32, an equivalent of 11.74 per cent. on the capital, dividends amounting to $65,000 were also paid.

At a recent meeting a new set of by-laws, or rather the old laws changed to conform with the banking law and approved by the State authorities, were adopted.

The new regulations provide for the increase of the board of directors from 18 to 19, and Michael J. Houlihan was elected as the new member.

The date of the annual meeting was changed from the third Monday in November to the third Wednesday in January, in accord with the general custom of banking institutions.

Marsden J. Perry, chairman of the board of directors, submitted the report of the financial condition of the company for the board as follows:

Resources—Loans and discounts, $4,471,713; stocks and bonds, $2,644,776; real estate, $8,980; cash and due from banks, $1,361,003; total, $8,486,473.

Liabilities—Capital stock, $1,000,000; surplus, $500,000; undivided profits, $83,396; deposits, $6,903,076; total, $8,486,473.

—Fuller C. Smith has forwarded to the Comptroller of the Currency at Washington his resignation as national bank examiner for Vermont, Western Massachusetts, and a part of the State of Maine. On January 1, 1913, Mr. Smith became associated with Charles E. Schoff, president of the Franklin County Savings Bank & Trust Company, and Walter B. Paschall, president of the American Investment Company of Oklahoma City, Okla., under the firm name of Smith, Schoff & Paschall. The firm has opened offices in St. Albans, Vermont, and will engage in buying and selling all kinds of investment securities throughout New England, devoting special attention to the business of Oklahoma farm mortgages, railroad, industrial and public service corporation bonds. The business will be managed by Mr. Smith.

—Charles H. Bissikummer was elected president of the Albany Trust Company of Albany, N. Y., on December 6, 1912. Mr. Bissikummer had been acting president of the company since the resignation of George C. Van Tuyl, Jr., in May, 1911, when the latter was appointed State Superintendent of Banks. He is president of the Albany

Bankers' Association and a member of the Albany Clearing House Committee. Coincident with Mr. Bissikummer's election to the preisdency of the Albany Trust Company, Alonzo P. Adams, Jr., was advanced from the office of treasurer to that of third vice-president, and Philip Fitz Simons, Jr., assistant treasurer, was made treasurer.

—At a recent meeting of the Bankers' Association of the District of Columbia at Washington, unanimous support was given favoring the adoption of the Lever agricultural extension bill, which aims to furnish agricultural experts who shall be to the farmer what the physician is to the family. Representative Asbury F. Lever of South Carolina, author of the bill, delivered an address explaining the features of his bill.

Upon motion of Charles J. Bell, president of the American Security and Trust Company, a resolution was adopted, declaring that the bankers' association believed the whole country would be greatly benefited by the enactment of the Lever bill into law, and providing for the appointment of a committee to urge the Senate to pass the bill. The measure has already passed the House and been approved by the Senate committee on agriculture. The bankers' committee, appointed by the president of the association, H. H. McKee, consists of Charles J. Bell, chairman; W. V. Cox, John Joy Edson, George W. White and Mr. McKee.

In his address Representative Lever complimented Secretary Wilson upon the manner in which the Department of Agriculture has been developed during his administration. Mr. Lever said his bill contemplated furnishing a trained man to every agricultural county in the country, who would advise the farmers as to the best means of getting results out of their land. He predicted that by such intensive farming as this would bring about the crops of the country could be doubled or tripled. This, he said, would be equivalent to the discovery and annexation of new territory equal in size to the whole United States. His bill provides an appropriation of $3,000,000, to be extended over a period of ten years.

—There is a company formed at Wilkes-Barre, Pa., called the National Thrift System Company, Inc. It is the outgrowth of a series of successful efforts on the part of a group of bankers, to secure deposits for their banks, and promote "thrift" in communities. The "Thrift System," as it is called, accomplishes these results by means of educational work, and uses many novelties to make people "thriftward." The ideas are unique and have received the enthusiastic help of many bankers of national experience.

—At a recent meeting of the directors of the Rhode Island Hospital Trust Co. of Providence, William A. Gamwell was elected Vice-President. Mr. Gamwell has been connected with the company for over 40 years, and for some years has been Secretary, which office he will continue to hold. At the same meeting Preston H. Gardner was also elected vice-president and will continue to hold his former position of Trust Officer.

SOUTHERN STATES

—When completed, the building now being erected for the State National Bank, Forth Worth, Texas, a picture of which is reproduced herewith, will be the tallest structure in Fort Worth, and the most thoroughly equipped for office building purposes. It will be absolutely fireproof, the construction being what is known as steel frame fireproof with tile and concrete. The lower stories are to be faced with polished granite, the granite and terra cotta richly molded. The upper stories, excepting the two top stories, will be faced with rich

colored tapestry brick trimmed in light cream terra cotta. The two highest stories are to be faced entirely with cream terra cotta of a bold, rich and pleasing design.

There will be eleven stories of offices and one story of storage space. The first story and mezzanine floor will be occupied by the

NEW BUILDING TO BE ERECTED FOR THE STATE NATIONAL BANK, FORT WORTH, TEXAS

State National Bank. The steel frame for this building was designed for what is termed a hurricane load, and especial attention was paid to the wind bracing, making the building not only absolutely safe, but rigid enough to withstand the pressure of the heaviest storms without causing any appreciable vibration, such as is sometimes felt in very tall structures. No money has been wasted in useless ornamentation or heavy stucco work, but the design is massive and simple, without the incorporation of any imitation materials, making it both artistic and highly pleasing to the critical eye.

The State National Bank is one of the prosperous institutions of the South. Their recent statement of November 26, 1912, is as follows:

Resources.

Loans and discounts		$1,823.791
U. S. and other bonds		249,934
Banking house and real estate		144.912
Cash and exchange		1,249,823
Total		$3,468,462

Liabilities.

Capital	$500,000	
Deposits		2,473,198
Surplus fund	150,000	
Undivided profits	145,264	
		$795,264
Circulation		200,000
Total		$3,468,462

S. P. Berry is cashier of the bank.

--W. P. G. Harding, president of the First National Bank, Birmingham, Ala., announces that he has started work on the organization of a Farmers Trust & Banking Company. The organization will have a capitalization of one million dollars, and it will have as an object the loaning of money on productive lands and assist in improving land values throughout the State by encouraging working of land. Already a number of men of means have signified intentions of participating, and the prospects are for an early consummation of the plans.

M. J. Sanders resigned as president of the City Bank & Trust Company, of New Orleans, on December 2, in order that he might devote more time to his various other business interests. Mr. Sanders has been at the head of the bank since its organization in May, 1906. F. Prevost Breckenridge, who was previously manager and cashier, succeeds Mr. Sanders as president and Alfred Lippman takes Mr. Breckenridge's place as cashier. Mr. Lippman is promoted from the position of assistant cashier. It is stated that Mr. Sanders will continue as a director.

—A $2,000,000 charter has been issued by the Virginia State corporation commission to what is to be known as the Old Dominion Trust Company, of Richmond, the largest financial organization of its kind south of Baltimore. William M. Habliston is named as president of the institution; M. C. Branch, vice-president; E. A. Saunders, Jr., treasurer; Jonathan Bryan, secretary.

The company has a capital stock of $1,000,000 and a surplus of $1,000,000.

—The H. W. Johns-Manville Company have recently opened a new Southern Warehouse at No. 31½ South Broad street, Atlanta, Ga.

The entire building, embracing three floors and a basement, with a total floor area of about 10,000 square feet, will be utilized exclusively as a warehouse.

A feature of particular advantage in this new site will be found in the location of the Atlanta office of the H. W. Johns-Manville Company in the same building with the local warehouse, which will materially help to minimize the chance of delay in deliveries.

—Commissioner of Insurance and Banking of Texas, B. L. Gill has announced the appointment of Clyde B. Payne, former vice-president of the Winters State Bank of Winters, as bank clerk in the department of insurance and banking to succeed William H. Leftwich, who is a member of the State Bank Examiner force.

—At a recent meeting of the board of governors of the A. I. B., Richmond Chapter, Aubin K. Parker, president, handed in his resignation. The amount of extra work incident to the taking over of another bank by the institution with which he is connected made it impossible for Mr. Parker to devote the necessary time to the office, and it was with regret that the board accepted his resignation. In filling the vacancy a man was selected who is thoroughly capable of piloting the chapter's affairs to a successful conclusion. Henry G. Proctor, who has been one of the leading men and has always had the interest of the chapter at heart, whether he was connected with it officially or not, was chosen to this office.

—The H. W. Johns-Manville Company announce the appointment of Mr. C. S. Berry as manager of their Atlanta, Ga., office, located at 31½ So. Broad street.

—An increase in the capital stock of the Hibernia Bank and Trust Company, New Orleans, La., from $1,000,000 to $1,500,000 has been recommended by the board of directors of the institution. The question will be decided by vote at the annual meeting of the shareholders January 14. The $500,000 increase is to be paid out of the undivided profits, if the proposition is supported, of which there is little doubt. Each shareholder is to have the right to subscribe at par, $100, for one-half share for each whole share owned. There will be no fractional shares issued, but the bank will either buy or sell to its shareholders the fractional parts at the rate of $350 per share.

NEW TWENTY-FIVE STORY BUILDING BEING ERECTED FOR THE JEFFERSON COUNTY SAVINGS BANK, BIRMINGHAM, ALA.

—A new bank has been opened at Suffolk, Va., called the American Bank of Suffolk. It promises to be a sound and prosperous institution, and has started very auspiciously. The officers of the bank are men well known in the business life of the city, and its directors represent some of the larger enterprises of that section. The building which the bank occupies was proportionately planned and arranged for the demands of the business in the city and is equipped to manage any usual amount of banking. Its capital stock is $50,000.

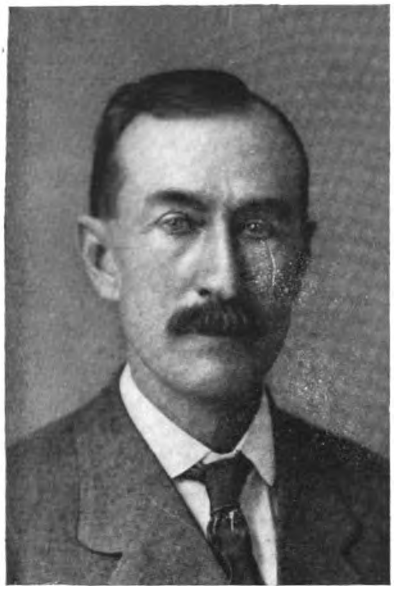
BUILDING OF THE AMERICAN BANK OF SUFFOLK, VA.

The officers and directors, with their connections at Suffolk, are as follows: B. L. Saunders, of the wholesale grocery firm of B. L. Saunders & Co., president; W. R. Frazier, a merchant, first vice-president; G. G. Coulbourn, lumber manufacturer, second vice-president; Ernest E. Jones, cashier.

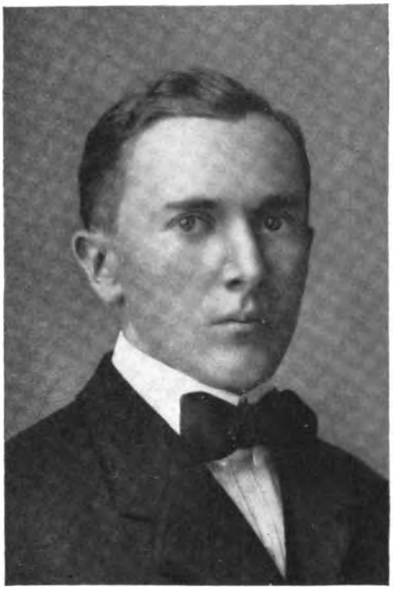
The directors are: P. D. Bain, American Peanut Corporation; G. Lloyd Bell, president Carr Knitting Mills and general manager Suffolk Feed and Fuel Company; R. L. Brewer, Jr., of R. L. Brewer & Son; S. R. Brockenbrough, Standard Manufacturing Company; Dr. H. W. Campbell, G. G. Coulbourn, M. A. Cross, vice-president and general manager Nansemond Grocery Company; J. M. Forehand, Tyner, N. C.; W. R. Frazier, merchant; C. B. Godwin, Chuckatuck; Jos. P. Hall, druggist; C. O. Harrell; J. W. Hosier, real estate and insurance; B. L. Saunders, president B. L. Saunders & Co.; W. S. Thomas, of Thomas Hardware Company; George B. Walton, president National Machine Corporation; F. G. Whaley, Nansemond Lumber Company; J. L. Williams, farmer; Z. T. Yates, farmer, and E. E. Jones, cashier of bank.

The new bank building is of brown pressed brick, with stone trimmings. The interior is very attractive, the furnishings being in mahogany and marble, and the floors tiled in white and brown. Glass topped desks have been installed for the use of the public.

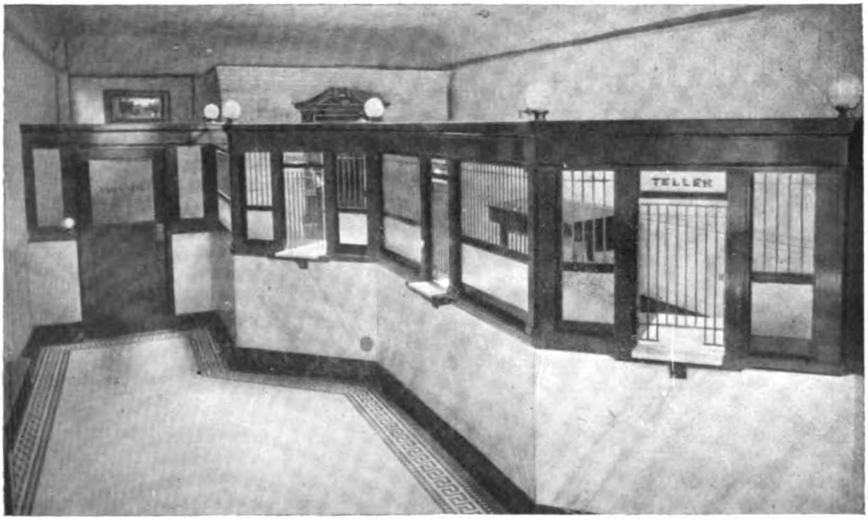
The cashier's office is furnished in colonial mahogany, with brass fittings. The directors' room has a large mahogany table



B. L. SAUNDERS
PRESIDENT AMERICAN BANK, SUFFOLK, VA.



E. E. JONES
CASHIER AMERICAN BANK, SUFFOLK, VA.



INTERIOR OF THE AMERICAN BANK, SUFFOLK, VA.

with heavy office chairs. Every late bank furnishing device has been installed. The vault of the bank has been subjected to the severest tests with nitro-glycerine and has withstood them all.

With its able officers and directors and modern facilities, the bank has a foundation for advancement.

—The First National Bank, Richmond, Va., which since its merger with the National Bank of Virginia, of the same city, has occupied the latter's home on East Main street, is preparing for the removal to its new and permanent quarters in its own skyscraper on the opposite corner of Main street.

—In its statement of December 31, 1912, the Planters National Bank of Richmond, Va., has surplus and profits of $1,443,790 and deposits of $6,312,235. This bank has a capital stock of $300,000.

Baltimore

—There has been a new bank opened at the corner of Pennsylvania and North avenues, called the American Exchange and Savings Bank. Frederick Clement Weber, who is well known in local financial and industrial concerns, is president and Frederick W. Schanze, another

FREDERICK CLEMENT WEBBER
PRESIDENT AMERICAN EXCHANGE & SAVINGS BANK, BALTIMORE, MD.

gentleman prominent in the city, is vice-president. James T. O'Neill is counsel, Charles F. Bennett, cashier, and Gordon F. O'Neill, assistant cashier. The members of the board of directors are men of acknowledged integrity, conservatism and business worth. They include Dr. James A. Melvin, James P. Foster, J. Alan Fledderman, Edward Hottes, August Malthan, Edward J. Burns, William G. Peppler and John Kirkley.

The location of the new bank leaves nothing to be desired. It has a special advantage as a business center and is on one of the most popular thoroughfares in the city. The bank is fitted with every modern appliance to facilitate business.

The vault is an up-to-date fireproof and burglar-proof safe, fitted with the latest mechanical contrivances. The woodwork in the front office is of solid mahogany, and only the finest materials have been used in equipping.

As the new bank is in a thriving business and residential section and has a large number of prominent persons, depositors, it is expected that, with its able officers and directors, the institution will prosper.

—John F. Sippel was elected president of the National City Bank on the 11th of December to succeed Dr. David H. Carroll, who died on November 15.

—Three new directors have been elected to the board of the National Marine Bank, viz.: J. Kemp Bartlett, vice-president of the United States Fidelity & Guaranty Company, Frank K. Murphy and William L. Straus. They replace George R. Heffner and James W. Bates, deceased, and F. E. S. Wolfe, resigned.

—The Merchants' National Bank and the National Mechanics' Bank, the two largest institutions of their kind in the city, have been merged and in the future will be conducted as the Merchants' and Mechanics' National Bank of Baltimore, under the presidency of Douglas H. Thomas, who was president of the first-named bank. John B. Ramsay, president of the National Mechanics' Bank, will be chairman of the board of directors of the merged banks.

The plan of merger was prepared by the banking house of Alex. Brown & Sons, and the negotiations between the two banks were carried on by B. Howell Griswold, Jr., of that firm, Douglas H. Thomas representing the Merchants' National Bank, and John B. Ramsay representing the National Mechanics' Bank.

The new bank will have a capital of $2,000,000 and a surplus of like amount, with deposits aggregating $18,000,000 and probably amounting to upwards of $20,000,000, thus giving to the new institution the distinction of being one of the strongest national banks in the South.

—Incorporation papers have been filed for the Munsey Trust Company of Baltimore, Md. Frank A. Munsey, the publisher, will install the new financial concern in his eighteen-story new building here, in which is also published his afternoon newspaper, the Evening News.

Eugene L. Norton, of Baltimore, will be president of the company and Frank A. Munsey chairman of the board of directors. The company will have $1,000,000 capital. The directors will be composed of New York and Baltimore financiers.

The company expects to begin business

operations on Jan. 15, and will do a general trust company business. It is understood that the stock has already been over-subscribed, but a public offering will be made in order that there may be the widest possible distribution. When the books close a pro rata allotment of the subscriptions will be made.

WESTERN STATES

Chicago

—In its statement of November 26, 1912, the Continental and Commercial National Bank reports surplus and undivided profits of $9,459,059 and deposits of $169,-503,435. This institution is erecting a new $3,000,000 building which will be one of the finest banking homes in the world.

NEW BUILDING BEING ERECTED FOR THE CONTINENTAL AND COMMERCIAL NATIONAL BANK, CHICAGO, ILL.

—In their statement of November 26, 1912, the Merchants' Loan and Trust Company lists surplus and undivided profits of $6,714,211 and deposits of $55,536,596. This bank is the oldest in Chicago and one of the strongest. Its capital is $3,000,000.

MERCHANTS' LOAN AND TRUST COMPANY, CHICAGO, ILL.

MAIN BANKING ROOM, MERCHANTS LOAN AND TRUST COMPANY, CHICAGO, ILL.

MODERN HOME OF THE CORN EXCHANGE NATIONAL BANK, CHICAGO, ILL.

MAIN BANKING ROOM, CORN EXCHANGE NATIONAL BANK, CHICAGO, ILL.

—One of this city's large banks, the Corn Exchange National Bank, in its recently issued statement of November 26, 1912, reports the following high standing of its business:

Resources.

Time loans	$29,019,626	
Demand loans	10,080,110	
		$39,099,737
Overdrafts		1,244
United States bonds		1,700,000
Other bonds		2,191,804
Bank building		2,000,000
Cash on hand	$8,910,341	
Checks for clearing house	2,275,405	
Due from banks	10,317,649	
Due from U. S. Treasurer	206,000	
		21,709,396
Total		$66,702,182

Liabilities.

Capital		$3,000,000
Surplus		5,000,000
Undivided profits		1,133,773
Circulation		1,116,197
Dividends unpaid		96
Deposits, banks and bankers	$24,998,972	
Deposits, individual	31,453,143	
		56,452,115
Total		$66,702,182

This institution's surplus and undivided profits are double its capital of $3,000,000.

—Here follows an interesting table showing the deposits of fourteen Chicago banks which have been in existence ten years or

	Deposits 1902	Deposits 1912	Actual Gain	Percentage Increase
Central Trust Company	$7,210,000	$44,669,000	$37,459,000	619.5
Fort Dearborn National Bank	4,729,000	28,433,000	23,704,000	601.4
Foreman Bros. Banking Co.	3,122,000	11,000,000	7,878,000	352.3
Union Trust Company	6,329,000	21,128,000	14,799,000	334.3
Hibernian Banking Assn.	10,026,000	26,862,000	16,836,000	267.9
State Bank of Chicago	9,688,000	25,655,000	15,967,000	264.9
Continental & Commercial National Bank	83,952,000	188,444,000	104,492,000	224.5
National Bank of Republic	12,798,000	24,550,000	11,752,000	191.8
Merchants Loan & Trust Co.	33,689,000	59,818,000	26,129,000	177.5
Illinois Trust & Savings Bank	66,277,000	97,771,000	31,494,000	147.5
Corn Exchange National Bank	44,615,000	63,002,000	18,387,000	141.2
Northern Trust Company	22,829,000	31,829,000	9,000,000	139.4
Continental & Commercial Trust & Savings Bank	16,397,000	21,865,000	5,468,000	133.4
First National Bank	90,736,000	119,834,000	29,098,000	131.9
Total	$412,397,000	$764,860,000	$352,463,000	185.4

more. The banks in this list are ranked in order according to the percentage of increased deposits.

—An increase of $150,000 in the capital of the Drovers' Deposit National Bank, raising it from $600,000 to $750,000, has been recommended by the directors. The stockholders will vote in the matter at their annual meeting this month. The new stock will be issued at par to the present shareholders.

—There has been a new "community" bank started at 4016 West North avenue, called the Pioneer State Savings Bank. The stock has been oversubscribed. Andrew H. Greenberg, formerly a private banker of the same address, is president, and Chilton C. Collins, who was cashier of the Union Bank, is vice-president and cashier. The directors include many well-known men, among whom is Charles L. Castle, president of the Standard Trust and Savings Bank.

St. Louis

—John H. McCluney, president of the State National Bank, celebrated the fifty-fifth anniversary of his connection with that institution. Mr. McCluney probably has served longer with one financial institution than any other bank president in the Mississippi Valley. With the exception of William H. Thomson, vice-president of the Boatmen's Bank, he is the oldest banker in St. Louis in point of service. Mr. Thomson holds the record over Mr. McCluney by only six months.

Despite his 72 years of age, Mr. McCluney appears less than 50. He is at his desk at the bank by 9 a. m. every day, presides over the affairs of the institution, and rarely leaves his office before 4 p. m. He began his service with the bank in 1857, as an office boy, in what was then the State Savings Association. Mr. McCluney was born in Wheeling, W. Va., and was educated in the St. Louis public schools.

—Organized in the days when steamboats were the chief means of transportation in the Mississippi Valley, the Boatmen's Bank (the oldest bank in Missouri) has witnessed the great development of that territory and the passing of the steamboat with the advancement of the railroad. It has successfully weathered every financial storm for over half a century, including the period of the Civil War. This bank has never consolidated with, bought out, or absorbed any other financial institution. It has been a factor in the growth and development of St. Louis and the Central Mississippi Valley. In its last statement of November 26, 1912, the solid condition of the bank at present is shown, as follows:

Resources.

Loans and discounts, personal and collateral	$11.393,867
Overdrafts	11
Bonds and stocks	1,155,574
Real estate (banking house)	500,000
Other real estate	233,099
Due from other banks and bankers, subject to check	2,649,408
Checks for clearing house, etc.	134,152
Currency	1,374,264
Specie	33,645
Total	$17,473,963

Liabilities.

Capital stock, paid in	$2,000,000
Surplus fund (earned)	1,000,000
Undivided profits, net (earned)	499,562
Due to banks and bankers, subject to check	2,184,278
Individual deposits, subject to check	5,611,125
Time certificates of deposit	6,064,706
Cashier's checks	79,291
Reserve for taxes	35,000
Total	$17,473,963

—The directors in the Third National Bank have voted to create another assistant cashiership and the position of auditor, which becomes effective January 1, 1913.

BANKING ROOM OF THE BOATMEN'S BANK, ST. LOUIS. OLDEST BANK IN MISSOURI

INTERIOR OF THE MERCHANTS-LACLEDE NATIONAL BANK, ST. LOUIS, MO.

The new assistant cashier will be F. K. Houston of Nashville, Tenn., who occupied a similar position in the First National Bank at that place. The auditor will be W. C. Tompkins, chief clerk of the First National Bank of Chicago. Increase in business of the bank necessitated the new positions, according to F. O. Watts, vice-president.

—In its condensed statement of condition at the close of business November 26, 1912, the Merchants-Laclede National Bank shows this state of its finances:

Resources.

Cash and sight exchange		$6,551,472
Loans payable on demand	$2,467,286	
Loans payable at fixed dates	8,728,516	
		11,195,802
United States bonds		1,469,290
Other bonds, stocks, etc.		763,111
Real estate—banking house		1,170,000
Other real estate		15,598
Total		$21,165,275

Liabilities.

Capital stock		$1,700,000
Surplus and undivided profits		1,887,797
Circulation		1,384,987
Bond account		719,790
Reserved for taxes		6,420
Bonds on building—outstanding—due 1919		170,000
Reserved for redemption of bonds on building		40,000
Deposits, individual	$9,188,761	
Deposits, United States	163,459	
Deposits, trust companies	54,502	
	$9,406,722	
Deposits, banks and bankers	5,849,558	
		15,256,280
Total		$21,165,275

—In the official report of condition issued November 26, 1912, the Mechanics-American National Bank shows the following high status of its affairs:

Resources.

Bills discounted	$15,597,235	
Demand loans	5,029,566	
		$20,626,801
Overdrafts		3,098
U. S. bonds to secure circulation (at par)		800,000
Redemption fund		40,004
Bonds to secure U. S. deposits		1,000
Other bonds		997,772
Real estate, furniture and fixtures, etc.		291,449
Cash with banks	$9,293,424	
Cash in vaults	6,671,354	
		15,964,779
Total		$38,724,901

Liabilities.

Capital stock	$2,000,000
Surplus and undivided profits	2,773,254
Reserve for taxes	40,000
Circulation	800,000
Deposits	33,111,646
Total	$38,724,901

—At the annual meeting of the board of directors of the Mercantile Trust Company the former officers were re-elected as follows: Festus J. Wade, president; Paul Brown, George W. Wilson, William Moffitt, W. F. Carter and C. H. McMillan, vice-presidents; Edward Buder, treasurer; W. J. Dugan, secretary; J. B. Moberly, real estate loan officer; James W. Bell, manager savings department; Richard L. Goode, counsel; Virgil M. Harris, trust officer, and Amedee V. Reyburn, manager safe deposit department. This inst.·.tion has had a most successful business, having grown from

MERCANTILE TRUST COMPANY, ST. LOUIS, MO.

a very small beginning thirteen years ago, to one of the largest and most influential organizations in this section. Following is its last statement of November 30, showing the strong condition of the bank at present:

Resources.

Time loans		$15,037,052
Bonds and stocks		8,369,808
Real estate (company's bank building and office building adjoining		880,000
Safe deposit vaults		250,000
Overdrafts		374
Demand loans	$5,434,195	
Cash and sight exchange	4,274,951	
		9,709,147
Total		$34,246,382

Liabilities.

Capital stock paid in		$3,000,000
Surplus and undivided profits		6,680,375
Unpaid dividends		763
Deposits, demand	$10,915,343	
Deposits, time	13,649,900	
		24,565,243
Total		$34,246,382

—A new bank is to open at Minneapolis, Minn., called the Citizens State Bank. The capital stock is $25,000 and the highest amount of liabilities $1,000,000. The incorporators are F. A. Samels, Lakeville, Minn.; T. O. Gulack, Minneapolis; C. B. Striner, Osage, Ia.; N. D. Samels and Manley L. Fosseen, Minneapolis.

—Ira J. Weeks, for ten years connected with the German-American National Bank of Shawano, Wis., and for some time assistant cashier of that institution, was elected cashier at a recent meeting of the board of directors. Mr. Weeks succeeds the late F. J. Martin as cashier, and was also elected a director.

—The board of directors of the First National Bank, Fort Wayne, Ind., regret to announce that H. A. Keplinger has tendered his resignation as director and second vice-president of the bank, the same to take effect January 1st, 1913. Mr. Keplinger has resigned this office to engage actively in a long established manufacturing business at Cleveland, Ohio. His final decision upon this step was reached after mature consideration and in view of extraordinary advantages which the presidency and management of the new venture opened up to him.

In leaving the service of the bank, after many years of usefulness and efficiency, Mr. Keplinger bears the good will and esteem of the entire board of directors.

—One of Indianapolis' larger institutions, the Indiana National Bank, issues a statement of November 26, in keeping with its

INDIANA NATIONAL BANK, INDIANAPOLIS, IND.

past record of conservatism and strength. Following is the report:

Resources.

Loans and discounts		$10,466,480
Overdrafts		1,102
U. S. bonds		2,300,000
Other bonds, securities, etc		183,423
Premium on bonds		69,437
Banking house, furniture and fixtures		554,319
Cash	$1,986,703	
Due from banks	3,235,110	
		5,221,813
Redemption fund U. S. Treasurer		100,000
Total		$18,896,576

Liabilities.

Capital stock	$2,000,000
Surplus fund	1,000,000
Undivided profits	183,655
Circulation	1,971,400
Deposits	13,741,520
Total	$18,896,576

—A statement of November 26, 1912, from the First National Bank, Cleveland, O., shows surplus and undivided profits of $1,632,948, with a capital stock of $2,500,-

FIRST NATIONAL BANK, CLEVELAND, O.

000, and deposits totaling $31,679,611. This bank is one of the old banks of Ohio and has been one of the factors in the growth of that territory.

—On December 2, the date when the merger of the National German-American Bank with the Merchants National Bank, both of St. Paul, Minn., became effective, the consolidated institution, which operates under the latter name, reported deposits of $22,246,941. The resources of the enlarged Merchants National Bank are $27,389,510. Its capital is $2,000,000, while it has a surplus of $1,500,000 and undivided profits of $501,869. The National German-American Bank is in process of voluntary liquidation.

—Rapid City, S. D., is to have two new bank buildings shortly. The Merchants Loan and Trust Company are planning to erect an imposing business block at Seventh and St. Joseph streets, and it is said Harry Wentzy, president of the Security Savings Bank, is planning to build a modern building.

—W. D. Moore of Joliet, Ill., has been elected cashier of the City National Bank, Omaha, Neb. Mr. Moore has been in the banking business for twenty-one years—eighteen at Bloomington, Ill., and the last three as vice-president of the First National Bank of Joliet.

—A. C. Short, assistant cashier of the Commonwealth National Bank, Kansas City, Mo., has resigned. No one has as yet been appointed in his place.

—George C. Smith has resigned as president of the People's National Bank of Kansas City, Kan., and has been succeeded by O. W. Shepherd, heretofore vice-president of the institution.

—For the second year in succession the Spokane & Eastern Trust Company, Spokane, Wash., closed its fiscal year, November 30, with interest on no mortgages in default. The company does an extensive loan business in this western country, and at the close of the fiscal year has $2,000,000 of loans in force.

"The fact that the company has closed the year with no interest payments in default," said R. Lewis Rutter, general man-

ager and secretary of the company, "indicates not only that the borrowers are well selected, but that they are prosperous. They must have money or they could not pay as they have done. The unique position of the company in this regard is a sure indication of good times in the sections where our loans are placed and further indicates that there is no scarcity of funds in the Spokane country." Herbert Witherspoon is vice-president of this institution.

—Following is the recent statement of November 26, 1912, from the Crocker National Bank, San Francisco, Cal.

Resources.

Loans and discounts	$18,011,971
U. S. bonds	2,030,000
Other bonds and securities	781,548
Customers' liability under letters of credit	670,656
Cash and sight exchange	7,212,595
Total	$28,706,770

Liabilities.

Capital	$2,000,000
Surplus and undivided profits	2,780,420
Circulation	1,969,997
Letters of credit	717,257
Deposits	21,239,095
Total	$28,706,770

—It is said that the Nixon National Bank, Reno, Nev., is to erect a modern building shortly.

—United States has a "radium bank." The first one was opened recently at Grand Junction, Colo., by Orr J. Adams, a chemist of that city, who has the largest individual collection of radium in the United States. It is said to be worth $100,000.

His bank will supply scientists and surgeons all over the United States with radium to be used in experiments and hospital work. He will rent the metal only to responsible persons when a fixed deposit has been made. His only competitor in the world is a similar bank in London.

—J. E. Chilberg, one of the well-known and active bankers of Seattle, was recently chosen president of the new Chamber of Commerce of that city. Mr. Chilberg is president of the Seattle Clearing-House Association, vice-president of the Scandinavian-American Bank of Seattle, president of the Miners and Merchants Bank of Nome, Alaska, chairman of the executive council of the Washington Bankers' Association, chairman of the Washington State Panama-Pacific International Exposition Committee, and was president of the Alaska-Yukon Pacific Exposition, held at Seattle, and which was one of the most successful expositions ever held in this country.

J. E. CHILBERG.

Announcement

The year 1913 marks the Fiftieth Anniversary of the establishment of the National Banking System.

To fittingly commemorate this

Semi-Centennial

of the

National Banks

THE BANKERS MAGAZINE will, early this year, issue a special number devoted to the origin, progress and present position of the National Banks of the United States.

ARTICLES will be contributed by statesmen, bankers and financial authorities. The development of every phase of National Banking will be covered.

STATE Banks, Savings Banks and Trust Companies will also be included in this summary. making it a valuable epitome of the

Progress of Banking

in the United States

—When asked about conditions in Colorado while attending the recent convention of the Investment Bankers' Association at New York, A. C. Foster of Causey, Foster & Company, a well-known investment house of Denver, said: "Having passed through two rather quiet periods, we are at present experiencing a general revival in business, due to the bountiful crops, the high prices prevailing for all live stock, and the advance in prices for nearly all metals, which enables many of our mines to operate profitably that formerly could not do so. Money is plentiful for all proper demands and at the usual rates. We expect even greater business and look forward to good times for the next two or three years at least."

Mr. Foster said all in the West were very enthusiastic over the prospects of the Investment Bankers' Association.

—Walker Brothers, bankers, of Salt Lake City, opened for business December 9 in their handsome new building, the tallest between Missouri river and the Pacific coast. The bank kept open house during the week so as to give the public an opportunity to see the splendid banking quarters.

—At the monthly meeting of the Bankers' Club of Des Moines, Iowa, December 5, an address on banking and currency problems was made by E. D. Hulbert, president of the Merchants Loan and Trust Company of Chicago. Mr. Hulbert expressed the opinion that the National Reserve Association plan was dead, and in the course of his address, which was listened to with close attention and interest, severely criticised that measure.

—Report of the condition of the 694 state banks of the State of Nebraska at the close of business November 26, 1912, shows the number of depositors 266,669, and the average reserve 23 2-5 per cent. Since September 4, 1912, loans and discounts have increased $4,295,686 and rediscounts and bills payable have increased $309,777.

—Henry Ford, president of the Ford Motor Company, and Roy D. Chapin, president of the Hudson Motor Car Company, have been elected to the directorate of the Old Detroit National Bank of Detroit, to fill vacancies.

—A most interesting and valuable booklet has been issued gratis by the Foreign Department of the Crocker National Bank, San Francisco, Cal., to its many friends and correspondents. The copy is entitled "Foreign Moneys" and has been compiled by John Clausen, the well-known manager of that department in the institution. It is a token of worth.

CANADIAN NOTES

—The fine new building erected for the Canadian Bank of Commerce in Winnipeg was recently opened to the public. This structure is modern in every detail and was constructed from the products of Canadian material and enterprise.

In the functions connected with the formal opening, was a luncheon held in the main banking room at which two hundred prominent guests were present, coming from Montreal to Victoria, Canada, and from Boston to St. Paul, U. S. A., representing many persons well-known in finance, manufacturing and mercantile life.

With its splendid building and able officers, among whom is C. W. Rowley, the well-known Canadian banker, who is manager of the branch at present, this office promises to rank with the leading banking centers of the Dominion.

—The Merchants Bank has opened a branch at Redcliff, Alta, under the management of F. P. Murdock, formerly of the Medicine Hat branch of the bank.

—W. A. Wright, assistant manager of the Imperial Bank of Canada at Vancouver,

and formerly inspector, has been appointed assistant manager of the bank in Edmonton.

—G. C. Perkins, manager of the Standard Bank in Calgary, has moved to Vancouver to open and direct a branch of the bank there. Mr. de la Plante of Winnipeg succeeds Mr. Perkins.

—The Home Bank of Canada has opened two new branches in Ontario, at Manilla and Creswell. For the present both branches will be managed from the Cannington branch of the Home Bank.

John F. L. Bain has been appointed manager of the Home Bank branch at Walkerville, Ont. E. A. Cheadle, formerly acting manager at Walkerville, has returned to important duties at the head office.

—The Royal Bank of Canada has decided to open branches at Sussex, N. B., and St. Stephens, N. B. These are places where the banks of Nova Scotia and New Brunswick were in competition, and as the Bank of New Brunswick agencies will be closed by the approaching purchase, the towns will not lose anything by the merger in banking facilities.

—At the recent meeting of the Canadian Bankers' Association these officers were elected:

Honorable presidents: George Hague, Montreal; Sir Edward Clouston and Sir Edmund Walker. President: D. R. Wilkie, general manager Imperial Bank. Vice-presidents: George Burn, Ottawa; Alex. Laird, Bank of Commerce; E. L. Pease, Royal Bank; H. B. Meredith, Bank of Montreal. Council: E. H. Hebden, general manager Merchants' Bank; T. Bienvenu, Provincial Bank; R. B. Stevenson, Quebec Bank; T. F. How, Bank of Toronto; Jas. Elliott, Molsons Bank; N. Lavoie, La Banque Nationale; G. P. Schofield, Standard Bank; C. A. Bogert, Dominion Bank; G. H. Balfour, Union Bank; W. D. Ross, Metropolitan Bank; H. A. Richardson, Bank of Nova Scotia; H. B. Mackenzie, British North America; Jas. Turnbull, Bank of Hamilton; Col. James Mason, Home Bank. Secretary-treasurer (re-elected): John Knight, Montreal.

—A branch of the Canadian Bank of Commerce has been opened at Lewvan, Saskatchewan, under the temporary management of T. Winsby.

—Branches of the Canadian Bank of Commerce have been opened at Three Rivers, Quebec, under the management of E. W. Morgan; at Fraserville, Quebec, under the management of A. Guay; and at Fredericton, N. B., under the temporary management of W. M. McKie.

—J. L. Englehardt, chairman of the Temiscamingue and Northern Ontario Railway Commission, was elected a director of the Bank of Toronto at a recent directors' meeting to fill the place of the late W. H. Beattie.

—Two new directors have been elected to the board of the Merchants Bank. These are F. Howard Wilson and Andrew J. Dawes. Mr. Wilson is head of the firm of J. C. Wilson & Co., and is also the president of the Canadian Light and Power Company. Mr. Dawes is the president of the National Breweries, Limited.

The two new directors fill the vacancies caused by the death of the late Charles M. Hayes and the retirement of Jonathan Hodgson.

—A branch of the Candian Bank of Commerce has been opened at Youngstown, Alta., under the temporary management of D. Thomson.

—General Manager Mason of the Home Bank of Toronto, states that when his bank takes over La Banque Internationale, it will maintain all the branches of the bank in the province of Quebec, with a view of establishing connections in this province.

—A branch of the Bank of Toronto has been opened at Stratford, Ont.

—At the annual meeting of the Royal Trust Company held recently in Montreal, the following directors were re-elected: Lord Strathcona and Mount Royal, president; Sir Edward Clouston, Bart., vice-president; Sir H. Montagu Allan, R. B. Angus, A. Baumgarten, C. B. Gordon, E. B. Greenshields, C. R. Hosmer, Sir W. C. Macdonald, Hon. R. Mackay, A. Macnider, H. V. Meredith, David Morrice, James Ross, Sir T. G. Shaughnessy, Sir William C. Van Horne, and A. E. Holt.

—O. R. Rowley has been appointed chief inspector of the Bank of British North America. He succeeds James Anderson, who was recently appointed superintendent of branches.

Mr. Rowley has been with the Bank of British North America since 1889 and has served in various capacities in the most important branches in Canada, as well as in the New York and San Francisco agencies. In 1902 he became inspector of branch returns, which position he vacates for that of chief inspector of the bank.

—The large margin between profits and dividend paid on the stock of the Merchants Bank would seem to indicate the possibility of an early increase in the dividend rate. At present the bank pays only ten per cent., while profits last year were equal to nearly twice this. For the year ending November 30, profits were even larger and it seems likely that the directors will give consideration to the question of a larger distribution to stockholders. The Merchants Bank has been particularly conservative in the matter of dividends. Several other strong institutions pay higher dividends from a smaller percentage of profits on their stock.

—Three new directors were elected to the board of the Bank of Montreal at the annual meeting on December 3. One new man was made necessary by the recent death of Sir Edward Clouston, while two new positions were created. The new men on the board are Messrs. H. R. Drummond, C. B Gordon and D. F. Angus.

—At the recent meeting of the shareholders of the Bank of New Brunswick the sale of this institution to the Bank of Nova Scotia was ratified.

—Charles W. Rowley, manager of the Canadian Bank of Commerce in Winnipeg, was born at Yarmouth, N. S., September 30, 1869, and after graduating from the academy in that city commenced his banking career at St. Catherines, Ont., in 1887. In 1902 he was appointed manager of the branch at Calgary and occupied that position until 1911 when he became manager at Winnipeg.

For fifteen years he has taken a great interest in every movement that has had for its object the advancement of Canada.

He is a member of the Grain Exchange, director industrial Bureau and life member of the Defence League of Canada, Winnipeg Humane Society and the board of governors of the Winnipeg General Hospital.

Mr. Rowley has been successful in everything he has undertaken and is recognized by business men in general as one of the most competent and influential bankers in Canada.

—Banking circles are much interested in the report from Edmonton, Alta., to the effect that Canada's newest chartered bank is in process of organization in that Western city, and before many months have passed application will be made to the Dominion Parliament for a charter for the Bank of Edmonton, with headquarters in that city, capitalized at $2,500,000.

A provisional board of directors is now at work, with the new corporation's solicitor, and already a considerable portion of the stock has been subscribed.

The bank is being organized by prominent Edmonton business men, while leading British capitalists have been approached and are interested in the undertaking.

—F. G. Johnston, manager of the Molsons Bank in St. Catherines, has resigned to enter the insurance business. He is succeeded by J. Dinham Molson, late manager of Market and Harbor branch.

—A branch of the Northern Crown Bank has been opened at Tate, Saskatchewan, and also at Oak Bay Junction, Victoria, B. C.

—The annual statement of the Merchants Bank of Canada for the year ending November 30, 1912, shows the firm state of this institution at present:

Net profits of the year, after payment of charges, etc.		$1,338,844
Premium on new stock		560,760
Balance brought forward from November 30, 1911		58,878
		$1,958,482
Disposed of as follows:		
Dividend No. 98, at the rate of 10% per annum	$151,902	
Dividend No. 99, at the rate of 10% per annum	162,685	
Dividend No. 100, at the rate of 10% per annum	166,530	
Dividend No. 101, at the rate of 10% per annum	167,886	
		$649,004
Transferred to reserve fund from profit and loss account		450,000
Transferred to reserve fund from premium on new stock		560,760
Written off bank premises account		100,000
Contribution to officers' pension fund		50,000
Balance carried forward		148,718
		$1,958,482

Rest Account.

Balance, November 30, 1911	$5,400,000
Transferred from profit and loss	450,000
Premium on new stock	560,760
	$6,410,760
Average paid-up capital during year ending November 30	$6,498,332

—Following is the sound statement of the Royal Bank of Canada, issued November 30, 1912, showing its healthy condition at present:

Liabilities.

To the public:	
Deposits bearing interest	$100,663,364
Deposits not bearing interest	36,058,812
Interest accrued on deposits	749,739
Deposits by other banks in Canada	419,750
Total deposits	$137,891,667
Notes of the bank in circulation	12,584,617
Balances due to banks in foreign countries	1,524,415
Bills payable (acceptances by London branch) £439,133 3 10	2,137,017
	$154,137,718
To the shareholders:	
Capital paid-up	$11,560,000
Reserve fund	12,560,000
Dividend No. 101 (at 12% per annum)	314,613
Former dividends unclaimed	1,206
Balance of profits carried forward	610,219
	$179,210,758

Assets.

Gold and silver coin	$5,204,964
Dominion Government notes	14,443,785
Deposit with Dominion Government for security of note circulation	578,000
Notes of and checks on other banks	9,769,273
Balances due from other banks in Canada	122,482
Balances due from agents in United Kingdom and banks in foreign countries	3,665,037
Government and municipal securities	3,950,698
Railway and other bonds, debentures, and stocks	11,715,900
Call and short loans on stocks and bonds in Canada	9,422,451
Call and short loans on stocks and bonds in foreign countries	14,556,189
	$73,428,782
Loans to provincial governments	185,468
Current loans and discounts, less rebate interest reserved	99,828,879
Overdue debts (loss provided for)	246,816
Bank premises	5,520,791
	$179,210,758

—Moose Jaw business men in Winnipeg state that progress is well underway for the opening of the Bank of Saskatchewan, which will have its head office in Moose Jaw. The promoters very naturally are having no easy task in getting together cash in sufficient volume to put up with the Treasury Department before a certificate can be issued. Towards the required total, however, substantial additions are being periodically made.

—W. M. Birks has been elected a director of Molsons Bank (head office, Montreal) to succeed the late W. M. Ramsay. Mr. Birks is vice-president of Henry Birks & Sons and a director of a number of organizations, including the Sun Life Assurance Company. W. A. Black is also a newly elected director of the Molson's Bank, succeeding C. B. Gordon, who was recently elected a director of the Bank of Montreal. Mr. Black is vice-president and managing director of the Ogilvie Flour Mills Company, Limited.

—The Quebec Bank has decided to open a branch at Edmonton, Alta., and has purchased property in that city valued at $175,000 for the purpose.

—In their annual statement of November 30, 1912, the Canadian Bank of Commerce reports its usual sound condition, as follows:

Liabilities.

Notes of the bank in circulation		$16,422,864
Deposits not bearing interest	$58,586,813.55	
Deposits bearing interest, including interest accrued to date	139,030,648.45	
		197,617,462
Balances due to other banks in Canada		885,514
Balances due to other banks in foreign countries		2,842,439
		$217,768,281
Dividends unpaid		6,429
Dividend No. 103 and bonus, payable December 1		525,000
Capital paid up	$15,000,000.00	
Rest	12,500,000.00	
Balance of profit and loss account carried forward	771,578.88	
		28,271,578
		$246,571,289

Assets.

Coin and bullion	$11,273,485.39	
Dominion notes	16,181,480.25	
		$27,454,965
Balances due by agents in the United Kingdom	2,082,538.49	
Balances due by other banks in foreign countries	4,718,352.03	
Balances due by other banks in Canada	28,645.40	
Notes of and checks on other banks	10,092,360.90	
		16,921,896
Call and short loans in Canada		8,779,459
Call and short loans in the United States		9,003,590
Government bonds, municipal and other securities		14,362,116
Deposit with the Dominion Government for security of note circulation		707,000
		$77,229,029
Other current loans and discounts		163,753,559
Overdue debts (loss fully provided for)		487,738
Real estate (other than bank premises)		208,372
Mortgages		404,096
Bank premises (including the balance unsold of certain premises acquired from the Eastern Townships Bank)		4,423,993
Other assets		64,499
		$246,571,289

New Twelve-Story Johns-Manville Building, New York

A NEW twelve-story office building has been completed for the H. W. Johns-Manville Company at Forty-first street and Madison avenue, New York. The company has the distinction of being one of the few manufacturing concerns that occupy an entire twelve-story structure.

It was the desire of the owners to have a distinctive building, and the early Italian Gothic architecture is used. This style of architectural treatment has not heretofore been employed for buildings of this character, and in this respect the edifice is unique.

The details of the two facades are adapted from various Italian examples. The three lower stories are of limestone and the upper stories of gray-brown Roman brick and terra cotta, with various light-colored marbles worked in panels. Under the cornices are various colored marble panels in terra cotta frames.

The cornice, which runs entirely around the top of the building is of copper, which is accentuated by treating with silver, gold and colors.

The large windows on the lower stories are of bronze, and the vestibule and entrance hall of Italian marble. The entire ground floor is devoted to the retail department. It is finished entirely in marble and Caen stone, and the soffits of the beamed ceiling are brought out in color from various Italian examples.

There is a mezzanine gallery with bronze rails and a marble stairway, with bronze railing, leading up from the first to the second floor. Each floor is devoted to one or more departments. The executive offices occupy the eleventh floor, while the twelfth floor is used as a sample and exhibition room.

The building is known as the "Johns-Manville Building," and has been designed so that all four sides are attractive.

It is of fireproof steel construction throughout, and contains two Otis passenger elevators of the latest type. Each floor has an area of 2,500 square feet, or a total area for the twelve floors and basement, which extends under the sidewalks, of 34,500 square feet.

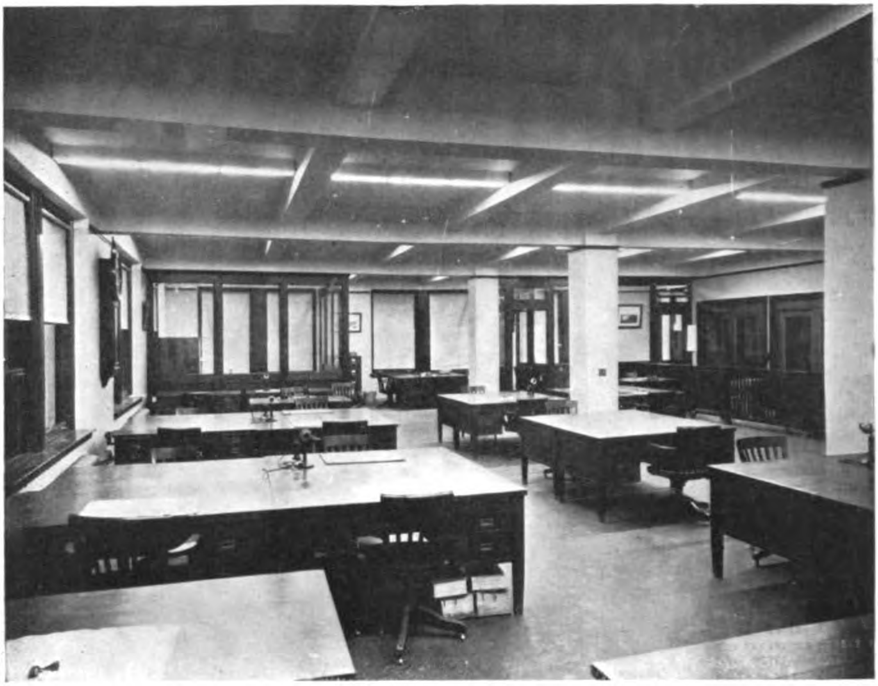
TWELVE-STORY BUILDING OCCUPIED ENTIRELY BY THE JOHNS-MANVILLE COMPANY, IN NEW YORK

Many Materials in the Building Furnished by the Company.

An unusual feature connected with this building is the fact that the tenant manufactures and furnished a considerable part of the equipment of the structure. Among the various materials which the H. W. Johns-Manville Co. installed are the following: J-M Asbestos Roofing, J-M Asbestos Plaster, J-M Linolite System of Lighting, J-M Conduit for wiring, Flushometers, J-M Sanitor Seats, Electrical accessories, Waterproofing, Keystone Hair Insulator, J-M Asbestos Wood, Fire Extinguishers, J-M Asbesto-Sponge Felted and J-M Asbestocel Pipe Coverings, etc.

Fire-proof materials are used throughout the structure. Modern systems of heating and ventilating are employed, and the building ranks, architecturally and otherwise, among the handsomest and most substantial office structures in New York.

This is but one of a chain of branch stores, warehouses, offices, and factories scattered throughout the United States and Canada, which are under the supervision of



A TYPICAL FLOOR, SHOWING ARRANGEMENT OF FURNITURE AND EFFECT OF THE ILLUMINATION IN THE JOHNS-MANVILLE BUILDING, NEW YORK

A DISPLAY ROOM OF THE JOHNS-MANVILLE BUILDING, NEW YORK

A CORRIDOR IN THE JOHNS-MANVILLE BUILDING, NEW YORK

DIRECTORS' ROOM AND PRIVATE OFFICE OF THE PRESIDENT IN THE BACKGROUND, JOHNS-MANVILLE BUILDING, NEW YORK

the executive officers of the company, whose headquarters are in this new building.

Including the space to be afforded in the new general offices, the H. W. Johns-Manville Co., at the present time, occupies in all of its various branches, offices and factories, 2,657,160 square feet of floor space, or about 61 acres.

The 5,000 employees of the company would in themselves form a good-sized little city. Included in this array of employees are 406 salesmen, travelling through various sections of this country and Canada. In addition, the company has extensive European offices at Hopetoun House, 5, Lloyd's Avenue, London, E. C., and other representatives on the Continent of Europe.

They now have factories located in Brooklyn, N. Y.; Manville, N. J.; Milwaukee, Wis.; West Milwaukee, Wis.; Nashua, N. H.; Lockport, N. Y.; and Newark, N. J., with an asphalt refinery at South Amboy, N. J., and extensive asbestos mines at Danville in the Province of Quebec, Canada, which are the largest in existence and produce an exceptionally fine grade of asbestos.

Under the name of H. W. Johns Manufacturing Co., the business was conducted at 87 Maiden Lane, previous to May 1, 1897, when it was moved to 100 William street. In 1901 the firm name was changed to H. W. Johns-Manville Company, a consolidation being effected between the Manville Covering Co., of Milwaukee, Wis., and H. W. Johns Manufacturing Co. This last combination brought together two of the largest manufacturers of pipe and boiler coverings, packings, roofings, etc., in the world, and the growth of the company since that time has been almost phenomenal.

Better Farm Credits

PRESIDENT TAFT in a recent address to Governors of a number of States, urged the adoption of uniform State legislation, which would make possible in this country the adoption of a system of rural credits and low interest bearing loans to farmers, similar to that in vogue in many European countries.

"We are not going to adopt a system over night," said the President. "It is going to take a considerable time before the country shall receive the benefit of it, but the earlier we begin the agitation the earlier we shall achieve the purpose we have in bringing the matter to the attention of the public.

"There is no subject," continued the President, "of greater importance to the people of the United States than the improvement of agricultural methods, the keeping them up-to-date in all agricultural communities, the securing of profits to the farmer, the attraction of the young men of the country to farming as a lucrative profession and the lowering of the cost of producing agricultural products and the lowering of their prices to the consumer.

"We have great capital in this country and we have farming property that is producing products of immense value. It would seem clear that with these two elements it would be possible to introduce a third, by which the farmers engaged in producing the crops should be able, in view of the value of what he produces, and the value of the land on which it is produced, to obtain money on the faith of the land and the faith of the product, which will enable him to expand his acreage and better his methods of cultivation and production.

"An easy exchange between capital and farmers with proper security has been established in European countries, where the rate of interest has been lowered so the farmer is practically on the same basis of advantage in the borrowing of money as the business man. If this can be done abroad it can be done here, and if abroad we find that Government institutions adapted to form the conduit pipe between capitalists and farmers are successfully operated, why should we not adopt them here?"

INTERIOR OF THE NATIONAL PARK BANK OF NEW YORK
A STRIKING PICTURE DONE ENTIRELY IN STEEL

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR — FEBRUARY 1913 — VOLUME LXXXVI. NO. 2

Probable Direction of Currency Legislation

ASSUMING that the new Administration will give the country banking and currency legislation of some kind, it becomes interesting to speculate upon the character of such legislation.

The Democratic party has not had much opportunity to try its hand at financial tinkering since the inception of the Civil War. If one may judge by the party's platforms for many years, this was a fortunate thing for the country. But it is only fair to say that the party attitude toward banking and financial questions has shown improvement of late. No one, of course, familiar with our financial history can fail to accord the highest credit to GROVER CLEVELAND for securing the repeal of the silver-purchase act. But most of Mr. CLEVELAND's party associates very reluctantly gave their consent to vote for that repeal, and many of them never gave it.

We cannot discern anything in the political creed of the Democratic party that would for a moment lead us to believe that the present Administration would favor the National Reserve Association or any other kind of central bank. All the party's declarations are against centralization of power, and particularly of financial power. Of course, the traditions of the party are violently opposed to a central bank. We know that many people claim that the second Bank of the United States was a victim of General JACKSON's "ignorant" assaults upon it. But how came it that those ignorant attacks were so successful even when JACKSON was pitted against a popular idol like CLAY? And what about the first Bank of the United States that met a similar fate?

The potent enemies of a central bank, even could such an institution be established, would be the nearly 30,000 small independent banks, many of them feeling, justly or unjustly, that the central bank was oppressing them, and in the end they would attack and destroy it.

But we can see no reason whatever for supposing that Congress will in the near future authorize the creation of a central bank.

With such an institution eliminated from the range of possibilities, what direction, then, is it probable that financial legislation will take?

It might be that the Federalization of the clearing-houses would appeal to Congress as at present politically constituted. The notion is a common one that business of every kind should be more closely controlled by the Government. The investigation of the great industrial corporations, of the banks and the clearing-houses has this for its real object.

No doubt a system of Federal clear-

ing-houses could be worked out on practicable and beneficial lines. The fear is that Congress may not be so much animated by a desire to benefit the people as by a desire to punish the banks for some offenses of which they are supposedly guilty. Legislation thus inspired could hardly fail in being harmful to the banks and to the people.

It is hardly to be expected that the banks will be empowered to issue notes on their general credit. What we expect to see is a plan to issue currency through the clearing-houses (possibly through the sub-treasuries) on the deposit of collaterals satisfactory to the Treasury Department, such currency to be lent to the banks at a low rate of interest. This interest rate would tend to restrict the issue of such currency to periods of emergency.

The country has become so accustomed to the issue of notes only against security lodged with the Government that it is hardly possible that we shall see any departure from this practice. It may be, of course, if the clearing-houses should be brought under a Federal form of organization that Congress will sanction the issue of notes against securities lodged with certain clearing-house associations.

By observing some simple precautions insuring safety, there is no good reason for requiring the deposit of security of any kind anywhere to protect the notes which a bank may issue. A bank would be greatly surprised if a man should bring in some money to deposit, and when receiving a certificate of deposit should demand some collateral also. But that is about what is done when collateral is required to be put up against bank notes. Some precautions are indeed necessary to insure the safety of bank notes—precautions greater than in the case of deposits, for one makes a deposit voluntarily, but receives a bank note more or less compulsorily. That is, a man in business cannot well refuse to accept what passes as currency in the community where he does business.

Notwithstanding the above considerations, we do not look for any departure in future financial legislation from the principle of requiring lodged security for circulation. There were some very bad bank notes issued in this country before the Civil War and they are too vividly remembered to hope for the authorization of credit circulation (as a matter of historical accuracy most of the bad notes were bond-secured). Few people remember the good State bank notes, like those in New England.

The prejudice against credit currency, like that against a central bank, may be wholly unreasonable, but it must be reckoned with in any attempt to forecast future financial legislation.

A generally optimistic disposition, rather than any sure grounds for our faith, leads us to hope that the Democratic party in its financial and banking programme will act in a manner calculated to promote the solid prosperity of the country.

Relaxation of the Rules Relating to Country Checks

NEW YORK, which for several years has been imposing a charge for collecting country checks, except in a few specially-excepted cases, has lately made some relaxation of the clearing-house rules, and the banks may now accept for free collections, in addition to the limited one heretofore free, checks on such banks and trust companies in the States of New York, New Jersey, Massachusetts, Connecticut and Rhode Island, which remit at par and on the day of receipt of checks drawn on them.

JAMES G. CANNON, President of the

Fourth National Bank of New York, who was chairman of the committee which recommended the change after six months' study of the whole subject of country collections, said in regard to the matter:

"The modification of the rules recognizes the right of the out-of-town check to circulate at its face value, provided the bank upon which it is drawn will remit for it on the day of receipt at par to the New York bank. I believe this plan is coming to be recognized as the scientific principle upon which to handle these items."

Perhaps under existing arrangements the banks cannot be expected to go further than to follow this principle. Conceivably, a time may come, under improved arrangements, through such better mechanism as the wisdom of the bankers may devise, when a check on a bank anywhere will be accepted at par, and when banks will also furnish their depositors, without cost, exchange on any desired point. This would for a time deprive the banks of some immediate profit. In the long run it would probably greatly enhance the popularity and profits of the banks.

The New York banks have doubtless dealt with the country check problem in the most practicable manner under all the circumstances. In time no doubt a system of clearing of country checks will be devised that will greatly improve the whole situation. The problem is not one without complications, but time may straighten them out.

It was a long step forward in the evolution of the bank note when the notes of one national bank were made acceptable at par by every other national bank. The same evolution may take place with respect to checks when all banks make arrangement for promptly turning them into cash at the chief financial centres. Banks, in New York or elsewhere, cannot be criticised for an unwillingness to receive as cash checks that cost time and money to collect and that may not even be remitted for by the drawee banks at their face value.

The Public and the Banks

PRODDING of the banks by politicians continues to be a popular form of amusement. Commenting on the "money trust" investigation, the San Francisco "Chronicle" says:

"When the Pujo Committee has finished its investigation it is to be hoped that some enterprising publisher will publish the whole of it in a cheap form, that the people themselves may have an opportunity to pass on it.

"It is not at all safe to assume that congressmen will render a safe verdict, for they are so convinced that it will be 'popular' to represent bankers as criminals that they are almost certain to be guided by political instinct rather than by the evidence as it is given. The people themselves should read and judge. The book would certainly be entertaining.

"It seems to be considered as criminal in itself that half a dozen men should control the disposition of $400,000,000 of deposits or that sixty-eight concerns banking with 'Morgan' should carry average balances of a million apiece.

"And yet the public is clamoring for railroad and power facilities which can only be got by the sale of stocks and bonds, and who is to buy these issues of $20,000,000 to $100,000,000 if great concentrations of capital are not encouraged?

"Such issues have to be subscribed for in bulk by some responsible parties before work can be begun, for it cannot and will not be begun until the

corporation knows that the money will be had as needed. And only great groups of capital can handle such issues.

"The unthinking seem to imagine that these groups of financiers actually own the immense sums in their possession, and that they buy these securities and fatten on coupon cutting.

"They own very little of the money and do not usually expect to keep any of the securities which they buy. They simply buy at wholesale to resell at retail to actual investors, and if they do not control great sums of money the securities cannot be sold and the facilities which the people demand cannot be created.

"The reason why the two banks operating together under unified control can get $400,000,000 to lend is that the depositors who own the money have faith in the integrity and ability of the men in charge.

"If they had not that faith these banks would not get and could not keep a cent of the $400,000,000 which they are obligated to pay on demand to its real owners.

"Shall we penalize the integrity which inspires public confidence by treating as criminals those who possess it?

"Of course, there are 'combinations' among the great bankers—lots of them.

"How else could a great railroad system borrow $100,000,000? No one banker could raise the money. If there are to be no more 'syndicates' there can be no more railroads.

"Not only are there many financial syndicates, but they fight each other more furiously than any other class of business men. There is no money trust.

"Why is it that we do not inquire not how much money is available to lend for useful purposes, but what public injury has it ever done?

"It is claimed that a great deal of the people's money is loaned on call in Wall Street. It surely is, and much of it is loaned for legitimate as opposed to speculative purposes.

"But, suppose it were all loaned for speculation, what right have the people to complain when they have made laws which render any other use of it impossible? For that is what they have done."

This is throwing upon Congress the responsibility for many of the real or supposed evils of our financial system.

But it may be just as well not to criticise either Congress or the banks too severely. Many defects in our banking system exist, some of them due to inadequate legislation and a good many of them capable of correction without any fresh legislation. These defects are being thoroughly studied and in time they will be corrected, either voluntarily or otherwise. Meanwhile, let us remember that in spite of its faults the country's banking system has been one of the great factors of our national prosperity.

The Bank Investigation

WHEN the testimony given before the Pujo committee is boiled down it practically comes to this: a number of the great banks in New York and other cities are closely affiliated, and these banks are also closely affiliated with a number of the large industrial corporations. In other words, our modern industrial organization, through the growth of the country and by reason of the consolidation of numerous small enterprises into a few of great magnitude, has come to require the assistance of vast banking power, and in the absence of one or several great financial banks that might meet this requirement a number of the leading banks of the country have associ-

ated themselves together for the purpose of supplying this demand.

Had this not been done, what other course was open? There is no single bank big enough to supply the financial needs of the great corporations. And theorize as one may, the practical fact remains that the consolidation of enterprise was an inevitable result of the country's tremendous growth.

In what has been said above, however, we are not defending the present system of financing as a whole. We are only stating what seems to us as the plain truth of the matter, that our present financial machinery has made any other course impossible. But nevertheless we are inclined to the belief that this machinery ought to be reconstituted. Could a reorganization of our banking system be effective purely with a view to its efficient service to commerce and industry, it might take a form somewhat as follows:

(1) Some kind of centralized institution.

(2) A few great railway, industrial and financial banks.

(3) International banks.

(4) Mortgage banks.

(5) People's coöperative banks.

(6) Existing State and national commercial banks, savings banks and trust companies.

There appears to have been little serious attempt on the part of Congress to adapt our banking system to the real financial, industrial and commercial needs of the country. Men whose genius enables them to become controlling forces in the country's development are compelled to take the financial machinery as they find it and make such uses of it as they may.

Speaking without any thought of criticising what has been done, we are of the opinion that it would be highly desirable could our financial machinery be so improved that it would no longer be necessary for what is termed "financial banking" to draw so heavily upon the commercial banks of the country. The financing of industry—even of great corporate industry—is just as essential to the welfare of the people as is the lending of money or credit to the smallest truck-grower, but it would be better, in our judgment, could this service be performed by a system of great financial banks, chiefly using their own capital funds and not depending, as is now so largely done, upon the use of deposits in the commercial banks.

Although it seems that the principal aim of the Pujo investigation is to show that the great financiers of the United States are banded together in a manner inimical to the country's welfare, it would be a happy outcome of the investigation if it should show that these financiers are acting as best they may with the financial machinery that Congress has provided for them, and that what is really needed is a better adaption of that machinery to the vast increase in our population and wealth.

Clearing-House Regulation

MENTION was made in the December Magazine of the lack of uniformity of clearing-house methods, even in reference to reporting clearings. Some cities not only report the items taken to the clearing-house by the banks, but those taken from as well, thus enormously swelling the totals and rendering the figures practically worthless in comparing totals with other cities where only the items taken to the clearing-house figure in the totals.

Some of the cities are taking care to let it be known just what their clearings represent. Mr. W. D. Vincent, cashier of the Old National Bank of Spokane, Washington, and secretary and manager of the Spokane Clearing-

House Association, calls the MAGAZINE'S attention to the following affidavit accompanying the report of the clearings at Spokane:

"W. D. VINCENT, being first duly sworn, deposes and says: That he is secretary and manager of the Spokane Clearing-House Association; that the total clearings of the banks members of said association for the week ending ——— 191 , include only such amounts as are *brought* by the banks *to* the clearing-house, and that all settlements are made in gold, gold certificates and fractional silver."

In the weekly report of transactions made to the clearing-house by the banks appears the following certification made by the cashier of the reporting banks:

"These figures include nothing but debits to deposit accounts carried in the individual bank and general ledgers and do not include a duplication of any figures, or debits to certified checks or cashier's checks."

If the practice of the Spokane Clearing-House Association were universally followed, the complaint as to the inaccuracy of certain clearing-house figures would disappear.

Reference was made in the December issue to controversies that had arisen at Pittsburgh and elsewhere between some of the banks and the clearing-houses. The newspapers have recently contained the testimony of President ARMSTRONG of the National Copper Bank of Salt Lake City before the PUJO committee. It seems that Mr. ARMSTRONG objected to some of the regulations of the Salt Lake City Clearing-House, on the ground that they not only unduly restricted the freedom of his bank, but that they were in violation of the SHERMAN anti-trust act.

The difficulty at Salt Lake City became so acute that the bankers composing the clearing-house association there felt it necessary to dissolve their organization and to form a new association which they believe eliminates the possibly illegal features of the former association.

The controversy at Salt Lake City seems to have hinged on the payment of interest on deposits and certain other matters of an ethical nature.

In discussing a matter of this kind full recognition of the practical difficulties should be made. No doubt an aggressive banker, anxious to build up his business, would chafe under what he considers the unnecessary restraints imposed upon his freedom by the clearing-house rules. And yet, acting solely with regard to the general banking and commercial welfare of a community, some of these rules may be necessary. For instance—as in the Salt Lake City case—the banks may feel themselves clearly justified in entering into an agreement not to pay interest on checking accounts, and so long as all banks abide by the rule, no particular bank is advantaged by its operation; all are on the same footing in this respect.

Other agreements may be made, however, less defensible than the one referred to above. An understanding that a certain rate of interest and no more shall be paid on time deposits, and the fixing of rates for loans and discounts, approach the line of unlawful combination. An agreement to regulate the rate of interest may, of course, be purely in the interests of sound banking, though a regulation of the discount rate is less obviously so. If all depositors were discriminating, they might recognize the fact that the offering of a high rate of interest on time deposits is not the safest bid which a bank can make for business.

It can hardly be gainsaid that if the clearing-house activities are to go beyond the mere mechanical means for exchanging of checks and to embrace a reasonable degree of supervision of

members, that the clearing-houses must have authority to make and enforce regulations in the interests of safety.

Here and there instances of arbitrary action upon the part of the clearing-house associations may have occurred, but upon the whole we think there can be no doubt that the clearing-house associations of the country have acted justly and wisely. That they have been of immense service in preventing panics and in checking their devastating course, no one familiar with the financial history of the country can doubt for a moment.

The action of the clearing-houses in many parts of the United States, following the lead of the banks of Chicago, in providing for clearing-house examination of bank members, comes near to the fulfillment of an ideal of banking regulation, namely, the examination of banks by banks, and that it has resulted in great good is the universal testimony of those familiar with its operations.

We believe the time is coming when the clearing-house organization, or something analagous to it, should be extended so as to embrace not only the banks in all towns of any size, but all banks in town or country.

A plan embodying this idea in excellent practical form was carefully worked out some years ago under the auspices of the California Bankers' Association. It provided for a system of state and district clearing-houses and for a method of supervision that could hardly have failed in being highly beneficial. The plan was not put into operation because the enactment of a new banking law—which, it may be remarked, is one of the best in the country—seemed to render it unnecessary. But California bankers with whom we have talked lately state that the plan has not been abandoned, but merely held in abeyance, and to be adopted should occasion call for it. This plan, in our judgment, is worthy of the most careful study, and no doubt a modification of it would be found generally applicable.

It is to be hoped that the investigation in regard to clearing-houses may not result in legislation that will cripple the efficiency of these highly useful organizations but that any real defects may be carefully corrected, and the usefulness of the clearing-house be so clearly shown that the wisdom of extending its operations so as to include all banks may become apparent.

The Investment Bankers' Association

WHILE the principal object of the new Investment Bankers' Association of America is to standardize the principles applicable to sound investments so far as that may be done, and to protect the public from being imposed on by the many promoters of doubtful or unsound enterprises, it would seem desirable that the association should go a step further. It might require banks and trust companies whose names are quoted in connection with the flotation of new securities to show just what their connection amounts to. In many cases the name of a trust company may be used in connection with an enterprise and people get the impression that the scheme is virtually backed by the trust company, when as a matter of fact the company may merely be employed to see that some simple conditions relating to the subscriptions for stock are complied with.

It is not meant to imply that reputable trust companies willingly lend themselves to the promotion of unsound or doubtful enterprises, for they do not. In fact, the trust companies

are growing more and more particular in that respect every year, and it is now almost impossible to get a reputable trust company to allow its name to be associated in any way with an enterprise that will not bear the fullest investigation.

But it would be well if the prospectus of a new company, using the name of a bank or trust company, should be required to state just what service the bank or trust company has performed, what investigation may have been made and what responsibilities assumed.

There is a craze just now to protect supposedly innocent people from those who have unsound securities to sell, but we cannot see much in it except that anybody offering stocks or bonds should be compelled to make an accurate statement of all the facts. If the Investment Bankers' Association of America can bring about this simple reform it will have glory enough to last it for a long time.

Concentration of Banking

UPON this subject much illumination is thrown by the subjoined letter from A. Piatt Andrew, former Assistant Secretary of the Treasury. The letter was originally published in the New York "Evening Post," and later reprinted and circulated by the National Shawmut Bank of Boston:

"An impression seems to have become current that the tendency of banking in this country is toward concentration and monopoly. It has been widely voiced in the press, on the stump, and in the halls of Congress. It has been popularly accepted, and, as frequently happens with popular bugbears, no one seems to have taken the trouble to submit it to the sober test of facts.

"An examination of the reports of the Comptroller of the Currency for the current year in connection with those of earlier years suggests some conclusions, however, that are widely at variance with the prevailing views. The Comptroller's figures, in fact, show that, contrary to the popular belief the actual tendency during recent years among our banks has been toward the rapid multiplication of their number and an ever-widening diffusion of their capital and resources.

"The Comptroller reports for 1912 with regard to no less than 25,176 separate banks, a number nearly two and a half times the total of such institutions in existence in 1900, only twelve years ago. This means a rate of increase almost double that of the population during the same period. In other words, while there was in 1900 a bank for every 7,357 people, these institutions have so multiplied in the interim that now there is a bank for every 3,788 of the population.

"Such a situation and such a tendency are without counterpart anywhere else, but, in order really to appreciate this fact, and in order thoroughly to grasp the significance of these American figures, one should place beside them the record for other countries. In 1908 the Monetary Commission collected banking statistics for Great Britain, France and Germany, upon the most thorough scale that had ever been attempted.

"The figures for Great Britain, secured for the commission by England's leading authority—Sir R. H. I. Palgrave, the editor of the London 'Bankers' Magazine'—and the editors and staff of the London 'Economist,' show that in the entire United Kingdom in 1908 there were 116 separate banking institutions, or only one to every 388,003 of the population. These 116 banks had 6,935 branches, and the number of distinct banks was less than

in 1900, when 147 banks were reported with 5,608 branches.

"The British figures are of particular interest, because British conditions and practices are in general not dissimilar from our own. The figures for Germany and France, however, are also worthy of attention. The figures for Germany were collected by equally competent authorities, yet the most painstaking investigation revealed for 1907 only 490 banks with 1,730 branches (not including, of course, the municipal and state savings institutions and the coöperative credit societies, which perform some of the functions of banks).

"In France the most complete compilation which the commission could obtain included only 27 banks with 1,552 branches not comprising, however, the government savings bureaus and the offices for agricultural credit.

"Not only are the banks of the United States far more numerous to-day, both absolutely and relatively, than they have ever been before (and than they are in any other country), but their capital and resources are more widely distributed. One very often hears the belief expressed that the capital and resources of the banks of New York city are growing more rapidly than those of the rest of the country, and the conclusion is drawn that banking power is becoming 'centralized' or 'concentrated' there.

"The recently published reports of the Comptroller do not substantiate this belief. If we compare the percentage of the country's banking capital and resources, including all reporting banks and trust companies, now located in the Borough of Manhattan, with the percentage that was located in 1900 in the same district, namely, the city of New York, we find that the percentage, both of capital and of resources in New York is less to-day than it was then. In 1900 the New York banks owned eleven per cent. of the country's banking capital. To-day they own only 9½ per cent. It is more significant, however, that New York's percentage of the country's banking resources also shows a tendency to decline. In 1900 the resources of the New York banks amounted to 23.2 per cent. of the country's banking resources. To-day they amount to only 18.9 per cent.

"A comparison of the growth of banking capital and resources in the several states since the year 1900 shows that the banking capital of thirty-nine other states has increased more rapidly than that of New York, and that the banking resources of forty-one other states have increased more rapidly than those of New York. There exists, therefore, no statistical ground for the popular belief in a growing concentration of banking assets in New York.

"It is, of course, obvious that the units of the banking business in New York, as in all financial centres, have of late been growing larger. Growth and consolidation in banking have been inevitable accompaniments of the growth and consolidation which have been taking place in manufacture and transportation. As the business of the country has come to be conducted upon a larger and larger scale, it has required credit facilities in larger and larger units; but it is unquestionable that the size of the banking units in this country has increased less rapidly than the size of the concerns engaged in industry and transportation.

"Our financial institutions seem not to have kept pace with the growth of business organization. The notes and commercial paper issued by many industrial concerns to-day reach sums much larger in proportion to the capital of our banks than the usual proportion between industrial borrowings and banking resources of a decade or more ago. Under our Federal banking law a national bank can lend only ten

per cent. of its capital and surplus to any one firm, and a similar or more rigid restriction exists in the banking laws of many States. (In New York State a bank or trust company can lend only ten per cent. of its capital and surplus.) Yet the annual borrowings of certain industrial and railroad corporations to-day amount to considerably more than the *total* capital and surplus of our largest banks.

"One has only to compare the number and size of the banking units in New York with those of the financial centres of other and much smaller countries to realize how laggard has been the movement towards concentration and consolidation in the United States. In New York there are only three banks or trust companies with resources in excess of $200,000,000. In London there are ten such institutions. In Berlin there are five, in Paris four, in Rome two. In England in 1908 ten London banks held sixty-three per cent. of the total commercial deposits of the entire country; in France, four Paris banks held eighty-five per cent. of the total reported deposits, but the ten largest financial institutions in New York to-day hold only 7.6 per cent. of the deposits of the United States.

"It is interesting in passing to observe that the charge sometimes made that the clearing-house in New York city is excessively limited in membership and is tending to concentrate the banking power of this locality in a few hands, is scarcely confirmed by a comparison of its membership with that of the clearing-houses of other financial centres. The fact is that the number of banks belonging to the New York Clearing-House exceeds by fifty per cent. the *aggregate* of all the banks belonging to the clearing-houses of London, Berlin and Paris taken together. The clearing-house of London has eighteen members, that of Paris eleven, that of Berlin nineteen, making a total of forty--eight, while the clearing-house of New York has a membership of sixty-four distinct institutions.

"Those who think that the banking business of the United States is becoming dangerously concentrated in New York should consider numerical facts and take heart."

Mr. Andrew is entirely right in stating that banking is far less concentrated here than in any other country in the world, and in calling attention to the fact that the tendency is not toward greater concentration, but rather in the contrary direction, he has done much to allay the fears of those who think that in a few years New York will have gobbled up all the banks in the country.

Aiming Too High

PERHAPS the advocates of a central bank for the United States are aiming too high. They claim that if we do not get a central bank, "Uncle Sam" will not have a new pair of trousers, but a patch of some kind on the old ones. Possibly he may get a new pair, but not of the particular cloth or pattern that the central bank people desire—a little less showy, not so generously cut, but serviceable enough notwithstanding.

Are the central bank people the real enemies of a practicable banking and currency reform in the United States? What earthly hope have they of carrying out their designs? Do they imagine that a Democratic Congress will sanction the National Reserve Association? And what but a Democratic Congress is in sight as far in the future as any of us can see?

We have time and time again urged upon the freinds of banking reform a method of procedure that could have

been carried out at almost anytime within the past twenty years. That was simply to equip the banks of the reserve cities for the adequate performance of their duties.

If the banks of Chicago, St. Louis, New York (and we believe San Francisco should be a central reserve city also) were empowered to issue credit currency, and certain of the banks with sufficient capital authorized to accept commercial paper, our banking and currency troubles, so far as they are amenable to legislation would disappear.

Such a reform has been practicable in the past, but perhaps is impracticable now. If heretofore practicable, why did not the bankers work for it? Was it because they were bent upon having a central bank or nothing?

Bank Architecture

MODERN bank buildings are partaking more and more of the character of Greek temples. We do not know just where the relation between a Greek temple and a bank comes in, but presume that this style of building is supposed to embody beauty—which is true in some cases and not true in others, depending upon the size and location of the building—dignity and strength. These are all desirable qualities in a bank structure, yet they are, in our judgment, not so important as that of adaptability to the business in hand. Sometimes these poems in stone, or frozen music as somebody has called them, look so dignified and austere as to be cold and forbidding. Sometimes they are not only impressive, but oppressive. We have seen one building whose tremendously bulky pillars reminded us of the great temples of antiquity. Really, we can't see what these huge monoliths have to do with the banking business anyway. They cost a pile of money, and they ought not to impress anybody, who ever stops to think, except to give rise to the thought that the bank making such a display is rather prodigal with its funds.

Some day a bank will put up a building that does not look like an art gallery or a Greek temple, but just like a dignified and substantial business building. We shall be glad to see that bank and to print a picture of it, for there must be others who would like to see what a real bank structure looks like.

The Country Check

ACTION recently taken by a committee of the New York Clearing-House Association looking to a widening of the zone in which charges for collecting country checks is left to the discretion of banks receiving such checks on deposit, indicates that the charge imposed by the New York Clearing-House Association some time ago for collecting these checks has given rise to much dissatisfaction. Perhaps the small concession embraced in the widening of this zone to include a few contiguous States will not long satisfy those who regard the charge itself as a mistake.

No doubt, in the abstract, it seems ideal that a check on a bank anywhere in the country should everywhere be received as cash. Perhaps if the banks would work out a system whereby this ideal could be made real, on a just basis, it would do a great deal to enhance the popularity of the banks and to increase their business.

The National Bank Act compels the acceptance by one bank of the notes of another at par, although these notes do not count as legal reserves and must be sent in for redemption by a bank holding them and desiring to increase its reserves by exchanging the notes for

lawful money. But bank notes can be paid out as currency, while checks can not. Before the establishment of the Redemption Bureau at Washington, the banks were compelled to designate an agent for the redemption of their notes. Possibly in time it may be found desirable for banks to establish reciprocal relations which will provide for the redemption of checks drawn on them at the chief financial centers.

In a very practical world, bankers are not disposed unduly to concern themselves about the realization of ideals. But nevertheless, the agitation in New York over the charges on country checks would seem to indicate that bankers will have to realize that the final word on this question was not said when the clearing-house association adopted a resolution imposing a tax on these humble but exceedingly important instruments of commerce.

A Good Word for the Small Bank

WHILE a good many bankers have thought that the reduction of the minimum capital of national banks from $50,000 to $25,000 was not a wise move, the following from Comptroller MURRAY's annual report will be pleasant reading for those who believe in the small banks:

"The policy of permitting the organization of national banks with capital of less than $50,000 was questioned at the time the provision was under consideration as well as subsequent to the enactment of the law, but statistics evidence the fact that these small banks have generally been successful and supplied their communities with desirable banking facilities. An investigation was made last year with respect to the earning power of the banks of various classes, based upon volume of capital, and it was shown that the dividends paid by banks with minimum capital averaged 8.05 per cent., as against an average of 10.26 per cent. for all banks, and that dividends based on capital and surplus averaged 6.3 per cent. against an average for all banks of 6.17 per cent. It further appeared that a fraction less than one per cent. of banks of this character failed since 1900, against nearly five per cent. for all national banks failing since 1865. It also appears that the creditors of these small insolvent banks have been paid a higher rate of dividend than the average for all insolvent banks excluding those with capital of $1,000,000 and over. Approximately eighty-two per cent. has been received by creditors of all insolvent national banks and 81.14 per cent. by creditors of the small banks, the highest average, 94.63 per cent., being paid by the banks with capital of $1,000,000 and over."

If these figures were conclusive—and of course they are not—they would indicate that the banks of $25,000 were slightly less profitable than banks of larger capital, but that they are safer than banks having larger capital except those having $1,000,000 or over.

But while the figures do not make out a conclusive case either for the relative profit or safety of the small banks, they do seem to prove that the lowering of the minimum capital of the banks from $50,000 to $25,000 has not resulted in the lowering of the safety of the national banks but that on the contrary the banks with $25,000 are at least as safe as those having $50,000 or even $100,000 capital.

Since the lowering of the capital requirement has not reduced the safety of the national banks, there can be no question that the reduction was wisely made, for it has brought the national banks into many communities that would otherwise have been deprived of their services.

What Bankers Are Saying

Well-matured views of bankers and other financial men are tersely expressed in the sub-joined extracts, taken from addresses at bankers' conventions and from other sources.

WHO SHALL CONTROL OUR FINANCIAL DESTINY?

By John Harsen Rhoades, Senior Member, Rhoades & Co., New York.

AN urgent appeal to the people of the country to disregard prejudice and politics in considering the nation's monetary problems and that attention be given the subject commensurate with its great importance, was made in an address before the Finance Forum of New York on December 18 by John Harsen Rhoades, senior member of Rhoades & Company, Bankers, of New York, and Chairman of the Committee on Education of the New York State Bankers' Association.

"Who Shall Control Our Financial Destiny?" was the title of Mr. Rhoades' presentment of his views.

"Real banking reform," he said, "will be a vision until the brainy banker of the East and the brainy banker of the West coöperate; nay, until the men of the North, East, South and West confer with one another, learn one another's views and trust one another's motives. I wish to impress upon those who hear me, and upon those who do me the courtesy to read what I have to say, that I am a Wall Street man. I wish them to understand who I am and where I come from. I want them to do me the honor to believe that my motives are disinterested. I want them to know that when I ask for the brainy man of Wall Street to join us in this great reform, it is because we need him. Wall Street is not so filthy as some would think. Selfish men are there, yes, and everywhere, cold, calculating, hard-headed money makers, if you will, but not necessarily thieves at all.

"Let me tell you another story: Just previous to the panic of 1907 my firm, a borrower of money from a large trust company, was informed that the rate on the loan had been raised to fifty per cent. The collateral consisted of gilt-edged bonds, and the loan had been standing for some time. Knowing one of its officers—as a matter of fact, a personal friend—I called upon him, and among other things said: 'Is not my credit sufficiently good to warrant a lower rate than fifty per cent? You are a lender of money with a service to perform. Do you think it just to bleed me?' He replied: 'I agree that such rates seem extortionate; but we are not facing a theory but a condition, and it is the duty of an officer of this company to its stockholders to take advantage of every opening that presents itself.' Now, gentlemen, from his standpoint he was not dishonest, nor was he doing wrong. He was merely taking advantage of his opportunities. The fault lies where? Not with him, but with his conception of his duty to his stockholders versus service to the public and with a banking system that invited him to do as he did. I do not blame him, but you do. But are you not equally culpable in maintaining a financial system which furnishes him with these opportunities?

"It was not until the panic of 1893 that we American people as a whole began to appreciate the weaknesses in our financial structure. We then gave thought to the subject, but we accomplished little until after the crisis of 1907. Since that date so much progress has been made that there has now been presented to the American people a well-rounded plan of monetary reform, commonly known as the Aldrich plan, which calls for the establishment

of a national reserve or central reservoir for the bank reserves of the country. The completed scheme, however, bears little of the earmarks of Senator Aldrich's work. I shall, nevertheless, at the outset call the scheme the Aldrich plan, if for no other reason than to show my respect for the man who fathered it. If there be those who can, I for one cannot be so small and narrow as to reject his or any other man's plan because the personality of the author may not be to my or someone else's liking.

"Gentlemen, where are we at? There should be peace in the financial world, not distrust and bitterness. It is asserted that we need and must have the suffering and the lesson of another panic—a mean and cruel thought. It is claimed that we cannot have the national reserve because Mr. Aldrich's name is attached. It is said that we cannot have it if it be known that a Wall Street man has had a hand in preparing it. Such thoughts are childish and unworthy of men. What difference does it make who the author may be? What difference does it make whether he be black or white, tall or short, suave or blunt, sincere or insincere—if the plan he proposes commends itself to our good sense? Put on your thinking caps, my friends, and think. It is the meat on the platter that must be digested, not the man who prepared it; it is the thought in an argument that must be considered, not the man who advanced it."

PROSPERITY IN STORE.

By James J. Hill.

COMMERCIAL and financial conditions at present are essentially favorable. If no artificial influence or improper motive is allowed to disturb them, there should be no interruption of the prosperity which the country has enjoyed for some time past. Based securely on the foundation of a bountiful crop, business enterprises may be carried forward with confidence. Those which are within the law are busy and profitable, and those which are not are being corrected by judicial process. There is in this nothing to alarm, everything to encourage, both capital and industry.

The one unfavorable possibility is the apprehension felt by some—with reason or without—when a change of Administration and a transfer of power from one political party to another are about to take place. This is responsible for any hesitation that shows itself in the business world.

This attitude is probably unnecessary. All parties alike in this country are interested in the solvency of business and the profitable activity of trade. Self-interest makes common cause with the demand that new moves be made with intelligence and moderation. For whenever unhappy consequences follow any political experiment with the underlying interests on which the welfare of everybody depends, the blame is always placed upon the party in power.

There is reason to hope that the work laid out for the new Administration and the special session of Congress will be done expeditiously and without hurtful effect upon the country. Prudence would direct that it be confined to the redemption of pledges of economic reform made during the campaign. These should all be made good without injurious disturbance of business. It is to be expected that all the more caution and circumspection will be observed in doing this, since the country was so divided in its expression of opinion at the last election that no man or party can claim popular authority for anything radically revolutionary, or commercially or financially upsetting.

Since it is practically incredible that any other line of action should be adopted by the new Administration and Congress than that which will fulfill the wish and command of the people, at the same time that it must commend itself to their own judgments and consciences, nothing but a steady advance of prosperity is to be looked for afterward. If they do their work in this

way, with reason and without delay, the present satisfactory business and financial outlook should not be threatened or impaired.

THE OUTLOOK FOR 1913.

By George M. Reynolds, President Continental and Commercial National Bank, Chicago, Ill.

"THE year 1912 has been a year of extraordinary developments. Beginning under the pall of a great depression which had its origin in the financial panic of 1907, it developed through various phases into a year of record-breaking activity, only to relax again into a state of uncertainty under the stress of events which for the moment overshadow the horizon. Whatever the ultimate disposition of the problem now pressing for solution, we are assured of one thing, and that is that underlying conditions are sound and that prosperity will find a fertile soil to thrive in.

"Perhaps the most momentous event, from a political as well as business point of view, which occurred during the year now drawing to a close was the presidential election, the result of which has brought us face to face with a change in the economic policy of the nation. Whatever our views upon the tariff question may be, this much is certain, that a decisive majority of the electorate demanded a change from the high protective policy under which we have lived during the last thirty years, and as patriotic Americans it behooves us to acquiesce in the will of the majority and to coöperate toward an early and equitable adjustment of this perplexing question.

"With an abundant harvest awaiting shipment to the markets, a genuine and broad demand for the products of the soil and mills and consequent employment of labor, one can have no serious misgivings of the future, and my opinion is that the outlook for 1913 is extremely favorable. Political questions will, no doubt, arise from time to time, more or less perplexing and irritating in their immediate effect, but to students of our history it must be clear that no problem has ever found our people unprepared for its solution."

Dangerous New Counterfeit Five-Dollar Silver Certificate, Indian Head

SERIES of 1899, check letter "C", face plate No. 1568, back plate No. 936, J. C. Napier, Register of the Treasury; Lee McClung, Treasurer of the United States.

This counterfeit is apparently printed from photomechanical plates of excellent workmanship, on two pieces of paper between which silk threads have been distributed.

The seal is darker than the genuine, as is the green ink on the back of the note. The figures in the Treasury number are heavier than the genuine and the serial letter E, which precedes the number is larger than that of the genuine. The small lettering "Register of the Treasury" and "Treasurer of the United States" is poor. There is no defining line on the left side of the medal which appears on the breast of the Indian. The right side of the Indian's face is not well defined, owing to the merging of the lines of the face with those representing the hair. The lines of the lathe work are heavier than those of the genuine. This is particularly true on the back of the note.

The number of the specimen at hand is E69421159.

The general appearance of this counterfeit is calculated to deceive even careful handlers of money.

California's Prosperity

Remarkable Increase in Population and Wealth

GREAT interest is being taken on the Pacific coast in the opening of the Panama Canal, an event which the people of that part of the country believe will be of immense benefit to them. Preparations are well under way for holding two expositions in 1915 to commemorate the completion of the canal. The larger and by far the more important of these expositions will be at San Francisco and will be international in scope. The other one will be at San Diego and will especially emphasize the products of California. These incidents tend to enhance interest in anything pertaining to this great State, and it is with pleasure that THE BANKERS MAGAZINE presents the following information in regard to California, gleaned from the special midwinter number of the Los Angeles "Times":

The value of the wheat, barley, corn, oats and rye raised in the State is placed at $48,094,000; hay and forage crops, $42,187,215; beans, potatoes, sugar beets and other field crops, $30,443,000.

All California sold, during the year 1912, about 18,000,000 boxes of citrus fruits. The average net return to the growers over a period of ten years has been $1.80 a box. A grove of full-grown trees, given proper care, will produce 400 boxes of fruit to the acre, which, at $1.80 per box, equals $720 per acre.

California sold $18,000,000 worth of lumber, clipped 12,000,000 pounds of wool and marketed $2,000,000 worth of fish during the year 1912.

California produces more petroleum than any State in the United States and more than any country in the world outside of the United States. The total production for 1912, it is estimated, will be 87,000,000 barrels.

California leads the United States in the production of gold, with actual output for 1911 of more than $20,000,000. It leads in the production of precious stones and is near the top in the production of copper and silver.

California produces half the English walnuts consumed in the United States; 30,000 acres raising a crop worth more than $3,000,000.

It produced, in 1911, almost 1,000,000 gallons of olive oil and more than 1,000,000 gallons of pickled olives.

One of the greatest agricultural organizations in the world and one which has done the farmer most good, is the California Fruit Growers' Exchange, which was organized in 1904. It is a union of many smaller citrus associations located all over the State and which represent over ninety-five per cent. of all the citrus fruit grown in the State. Through this organization 58,995,940 boxes of citrus fruits have been shipped to eastern markets from Southern California during eight years and have given as a net return to the fruit growers the enormous sum of $107,473,980.16. Thus the citrus growers in the State have received on an average $1.82 a box for their oranges, lemons and grapefruit.

California produces almost the entire world's supply of French prunes, and exports to foreign countries more than France, her leading competitor, produces. The production for 1912 was about 175,000,000 pounds, yielding the growers more than $8,000,000. The total deciduous fruit crop approximated 30,000,000 bushels.

California produces most of the wine for the United States. The 1912 yield was about 45,000,000 gallons, with an approximate value of $35,000,000. Exports to foreign countries have trebled

in four years, and the Panama Canal will give them an enormous impetus.

The population of California is 2,-750,000, or about sixteen persons to the square mile. If it were as thickly populated as Rhode Island, 508.5 persons to the square mile, the State would have a total population of 79,350,000.

From 1897 to 1911 the raisin crop of the State increased from 46,852 tons to 67,500 tons. It is stated that Fresno county alone produces about sixty per cent. of this crop. In 1892 California passed Spain as a producer of raisins, that country having previously held the lead for centuries.

In 1909 California produced over twenty-eight per cent. of the total beet sugar product of the United States, and was second only to Colorado in output. In 1910, with an increased acreage and favorable growing conditions, she surpassed all previous records and took first place, with a production of 144,-746.7 tons. Michigan, the nearest competitor, followed with 112,100 tons, and Colorado came third with 98,560 tons.

In 1912 the acreage of sugar beets harvested in California is given by good authority at about 101,000 acres, yielding over 1,000,000 tons of beets and the production of 3,250,000 sacks of 100 pounds each, or 162,538.4 short tons or 325,000,769 pounds, worth at four cents per pound, over $13,000,000.

Los Angeles and Southern California.

In 1908 the total assessment of Los Angeles county was $407,666,294; in 1909 it was $593,876,364; in 1910, $531,400.559; in 1911, $607,182,559, while in 1912 it was $703,919,976. The assessed value of Los Angeles county in 1902, ten years ago, was $114,-159,832.

In the last decennial census period (1900 to 1910) the population of the United States increased 21.7 per cent.

1900	75,994,575
1910	91,972,266
Increase	15,977,691

California increased 60.1 per cent.

1900	1,485,053
1910	2,377,549
Increase	892,496

Los Angeles increased 211.5 per cent.

1900	102,479
1910	319,198
Increase	216,749
Population of Los Angeles, 1912	420,000

In the last decade the Pacific coast grew more rapidly than any other part of the United States, and of the total increase in the population of California, thirty-seven per cent. was in Los Angeles county.

From 1900 to 1910 the city of Los Angeles grew just ten times as rapidly as the United States as a whole. From 1900 to 1912 Los Angeles gained over 322 per cent. in population.

By bringing a water supply from the Sierra Nevada, through an aqueduct 240 miles long, Los Angeles has not only provided an adequate water supply for its own needs, but has made possible a vast irrigation system and the development of immense hydro-electric power. The completion of this great enterprise is justly regarded as being of incalculable value to the city and its adjacent territory.

There are forty-one banks in Los Angeles with deposits amounting to $168,340,736.56.

Up to November 19, 1912, there had been 14,576 building permits issued in Los Angeles.

From these figures the city building department estimated that the total permits for the year would reach 16,500. Of these, between 9,000 and 10,000 were for apartment houses and dwellings, sufficient to make homes for upwards of 75,000 people—and yet a scarcity of vacant dwellings prevails at all times.

Los Angeles also stands fifth in the value of new buildings for this year, being exceeded only by New York, Chicago, Philadelphia and Boston.

The following tabulation shows the growth in building in Los Angeles in the last ten years:

Calendar Year.	Permits.	Valuation.
1902	4,863	$9,603,132
1903	6,395	13,046,338
1904	6,990	13,409,062
1905	9,543	15,382,057
1906	9,072	18,158,520
1907	7,599	13,304,696
1908	7,371	9,931,377
1909	8,571	13,260,703
1910	10,738	21,684,100
1911	12,498	23,004,185
1912	16,500	31,000,000

Bank clearings also indicate a population far in excess of 500,000. The estimate of the Los Angeles Clearing-House Association of the bank clearings for 1912 is almost five times the figures for 1902. Yet in 1902 the population of the city was 125,000, and if the growth of population has kept pace with the bank clearings, the population now is in excess of 600,000.

The following tabulation gives the bank clearings for ten years:

Year ending December 31.	
1902	$245,516,024.85
1903	307,316,530.90
1904	345,343,956.35
1905	478,985,298.40
1906	578,635,516.82
1907	581,802,982.00
1908	505,588,756.02
1909	673,065,726.81
1910	811,377,487.47
1911	942,914,422.00
1912 (Estimated)	1,145,000,000.00

Interesting as these facts are, they do not say anything about what is undoubtedly one of the State's most important assets, namely, the fine climate combined with scenic attractions of wonderful grandeur and beauty. The people of California are quite naturally enthusiastic about their State; they are remarkably energetic and unbounded in their hospitality.

The probability that the American Bankers' Association will hold its convention on the Pacific coast in 1915 will give many bankers an opportunity of renewing their pleasant previous experiences in that part of the country, and to still others an opportunity of becoming acquainted with one of the most progressive and interesting sections of the Union.

Growth of Banking in Recent Years

AS shown by the Comptroller of the Currency's report the number of banks in operation in the United States has increased by over 107 per cent. since 1900, and their volume of business, as indicated by their deposits, shows an increase of over 127 per cent. In that year the total number of banks in operation (data for non-reporting banks being estimated) was stated at 13,977, with a capital of $1,150,728,-675, and individual deposits, $7,688,-986,450. The non-reporting banks in 1900 were estimated at 3,595, in 1904 at 3,994, in 1908 at 3,654, and in 1912 at 3,800.

For the current year (non-reporting banks being again estimated) the number has increased to 28,995, with aggregate capital of $2,080,843,505 and individual deposits, $17,494,067,606. In 1900, 3,732 national banks had fifty-four per cent. of capital of all reporting banks and about thirty-two per cent. of the individual deposits. In June, 1912, 7,372 national banks held 49.67 per cent. of the capital stock of all banks and nearly 33 1-3 per cent. of all individual deposits. In 1900 the capital stock of national banks, in round amount, aggregated $621,000,-000, and that of all other banks, $529,-000,000; for the current year the capital of national banks aggregates $1,-033,000,000, and that of all other reporting and non-reporting banks $1,-047,000,000. The figures show that national banks during the last twelve years have increased their capital by sixty-six per cent., while that of all other banks increased ninety-seven per cent.; but the statistics further show that the national banks increased their volume of business, as measured by individual deposits, by a much larger percentage than did the other banks, the gain during this period being 137 per cent. for national and 123 per cent. for other banks.

Correcting Customers' Addresses

By W. R. Morehouse, Assistant Cashier German-American Trust and Savings Bank, Los Angeles, Cal.

IT is essential that banks have the correct addresses of their customers, for frequently it becomes necessary to communicate with them on important business. The bank that drifts along indifferent in this regard will eventually meet with serious difficulty.

Many plans for revising address lists are in operation, but they have met with only a limited success. Letters sent out are returned marked "not at this number," and notwithstanding the postoffice department has follow-up records, they are unable to locate the person addressed.

Unfortunately a large majority of a bank's depositors do not recognize the importance of informing the bank of a change in their address, consequently it is almost impossible to reach them. The bank is thus left with what might be called "insufficient addresses" and in many cases the correct address may never be secured.

Realizing the great importance of correct addresses, the German-American Trust and Savings Bank, at Los Angeles, is using with great success the accompanying ticket.

This ticket is to be found on the customers' counters; it is of the same size as the deposit ticket used and is put up in pads of about 100 each. The paper used is a very bright yellow bond, and owing to its bright color this ticket is the first to arrest the customer's attention. There is such a pronounced divergence in color that out of curiosity the customer investigates; this leads him to act, thus bring to pass that which the bank desires. The reading matter is printed in clear type, and is legible at a greater distance than any other item on the counters.

The results have been remarkable. In less than two months 2,000 addresses have been corrected, while thousands of other addresses have been verified.

The tellers in the bank mentioned keep a pad of the address tickets handy, and in case the depositor neglects to hand in an address ticket with his deposit, the teller puts the depositor's name down, and under it the address, thus accomplishing the same end.

The plan has arrested the attention of one of the largest lithographing establishments on the Pacific coast, which is advertising the new ticket, and one salesman reports that he has sold in a very short time over 50,000.

IT IS

IMPORTANT

TO YOU

That we have your correct address. Information of great value to you may otherwise be delayed or never reach you. Please fill in blanks below and hand to your Teller.

Name ....

Address ....

....

Please advise us when changing your address that we may make a corresponding entry on our records.

The Statement System of Balancing Depositors' Accounts

By R. E. Chambers

[Although the statement system of balancing depositors' accounts has been adopted by banks in all parts of the country, there are many institutions which still hold to the old-fashioned pass book method. This article is printed for the information of those who are still unfamiliar with the new system.—Ed.]

TIME was, and a comparatively few years ago, too, when a person wishing to start a checking account was handed a pass book, and whenever the person desired the return of his checks all that was necessary was to leave the book to be balanced. Thus, while an account might be balanced every two or three months, another might not be balanced in as many years.

The ever increasing number of accounts and checks drawn today makes the question of keeping the depositor's accounts verified a large one with all banking institutions. This has caused many to consider the advisability of rendering statements at certain regular intervals. Many of the largest banks and trust companies in the United States have adopted this system.

While the pass book method has many advantages and the statement system some disadvantages, the latter seems to be the most satisfactory way of handling this important bit of routine work. One of its greatest advantages is that it reduces to a minimum the chances of carrying an error along in the bookkeeping department, and at the same time keeps the check files from getting overcrowded. It also makes it possible for the work to be handled with the least amount of wasted energy. To those not familiar with it, a brief description of a statement system may demonstrate these facts.

The checks and deposit tickets are filed in the same compartment of the check files, being separated by a card (Figure 1) which contains the name of the account, the proper way of addressing, and ruled with spaces for dates and balances. A certain number of accounts are balanced each day, running over a period of a month or possibly two months.

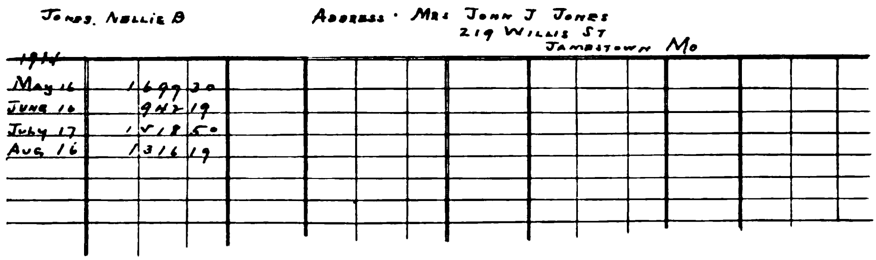


FIGURE 1

When the statement clerk starts his work in the morning, he first gets from the files all the accounts that are to be balanced that day. This gives him at once the last balance (on card), and all checks and deposits since that time. He then goes to the books and gets the balances for that day, in most cases drawing them off himself. Having on hand a supply of blank forms after the general style of Figure 2, he proceeds as follows:

The blank forms are put on the adding machine, and starting with the last balance as shown on the card, the deposits are listed and footed. By moving the carriage over, and without removing the paper from the machine, the debits are listed in the left-hand column. A sub-footing is then taken, making it possible to again print it as a sub-footing in the lower right as "Total Debits." Adding the balance just taken from the books, he turns the machine back to "Total Credits" and

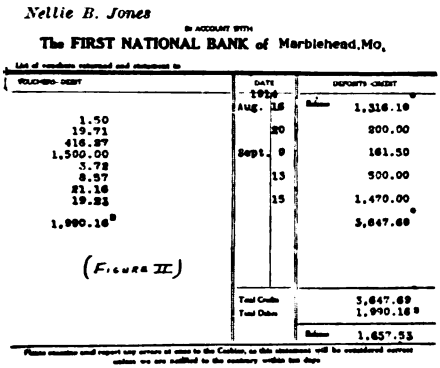


FIGURE 2

throws in total footing as "Total Credits," which, of course, it should equal. The typewriter is then brought into use in filling in the name of the account and the dates, and addressing the envelope for mailing, if that method of delivery is to be used.

Of course, much more time could be saved by the installation of an addressograph machine and a statement adding machine, but the statements can be handled very expeditiously without them.

The balance having been entered on the card ready to return to the files, the statements are given to the head bookkeeper, who verifies the balances, checking them on the ledgers. The deposit tickets are filed away in boxes by years, under initial letter, making them readily available for future reference.

Statement envelopes containing cancelled checks, and indicating balance on deposit, are filed alphabetically, and are ready at the "Statement" window for call by depositors the first of each month.

If sent by mail, the cost of delivery in some instances would be quite heavy, but in most of the cities it would be quite possible to have at a very small cost a boy, whose work should be that of delivering statements, thus saving quite a considerable sum.

There can be no objection to those of the depositors who so wish, continuing to have their deposits entered in their pass book, but care should be taken by the bank that the books are marked plainly "Statement Account," so that no confusion would arise.

There are, of course, almost as many variations of this general system as their are banks using it. Experience and the conditions in each individual bank must be taken into considera-

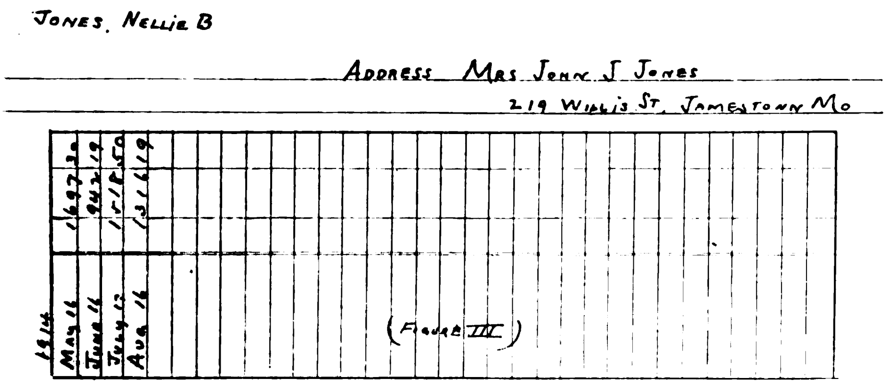


FIGURE 3

In Account with

Manchester National Bank

of New York.

For Month of..

CREDITS

Day	Description	Amount			Day	Description	Amount		
	BALANCE								

TOTAL CREDITS			
TOTAL CHARGES DEDUCTED			
BALANCE			

Please examine the account, as this statement will be considered correct unless we are notified to the contrary within one month.

Please notify of any permanent change in address.

FIGURE 4

tion. While the statement blanks are in a measure uniform, minor changes are frequently made. One form may have two small squares in the upper right-hand corner, providing a place for a double checking by two people other than the statement clerk. On another the heading may be so arranged that it may be slipped into the common open-face mailing envelope, thus saving the trouble of addressing. Other methods of wording and arrangement are also employed.

The method of filing may also differ. One is to balance certain business accounts on the first of every month, all other active accounts say once during the month, and the inactives about every three months. To aid in keeping track of the time of balancing, a divi-

sion card (Figure 1) of different color is used, or in some cases an auxiliary index, with the regular date for balancing each account shown thereon, is kept. In some cases a blank piece of cardboard is used in place of card, Figure 1, and the record of balance is kept on the guide (Figure 3). One bank may use a card index for keeping track of dates and balances, and on the day an account is written up a new statement sheet is headed up and the balance put directly on the new sheet. This is filed away under the date of the next statement and is thus all ready with balance at that time. In fact, there are innumerable ways of adapting the statement system to local conditions.

In a few banks it is the custom to take a receipt for all checks delivered, but this is cumbersome and is not greatly in favor among most institutions.

Taken all in all, the advantages of the statement system more than offset the disadvantages.

The present age is distinctively one of time and labor saving systems, and those which do not sacrifice accuracy for time are being rapidly adopted by foremost bankers. The day of the old fashioned pass book system seems to be slowly but surely passing.

Savings Depositors and Deposits in National Banks

UPON this subject the Comptroller of the Currency's annual report says:

During the past two years especial attention has been given to the work of obtaining returns from national banks in relation to the volume of their savings accounts and the number of participants therein. In an appreciable percentage of banks paying more than nominal rates of interest on deposits, there is a lack of uniformity in the characterization of savings or interest bearing accounts. That this condition exists is evident from the examination of the reports of various banks from date to date, as discrepancies occur in the volume of savings accounts and the number of savings depositors which would not appear if there was a complete segregation of accounts of this character from other deposits. Notwithstanding this fact it is evident that national banks and commercial banks generally are competing to a certain extent with the savings banks, and the reports show a steady increase in deposits of this character in national banks.

There is nothing in the federal law authorizing the establishment of a savings department by national banks, but as the right to pay interest on deposits is recognized, the position of the office is that the question of the conduct of a savings or interest department is a matter for the determination of the directors of each bank. Deposits in commercial banks are presumed to be subject to demand, but whether such institutions have the right to enter into a different arrangement with their customers is a matter for determination by the courts. Deposits of whatever character however, are subject to the various provisions of the national-bank act with respect to their investment.

Of 7,397 national banks reporting on September 4, 1912, there were over 3000 reported as having savings deposits, with 2,709,048 depositors and over $748,000,000 in savings deposits, or an average of more than $276 per capita.

Recent Decisions of Interest to Bankers

Check

DEATH OF DRAWER—KNOWLEDGE OF BANK.

Supreme Court of New York, Appellate Division, Fourth Department, July 6, 1912.

GLENNAN V. ROCHESTER TRUST & SAFE DEPOSIT CO.

Where a bank pays a check in good faith without knowledge of the death of the drawer, it will be protected, even though such check was issued without consideration.

JOHN CALLAHAN upon his death bed had signed a check to the order of his half-brother, and the same was paid by the defendant after Callahan's death. The administrator then brought this action to recover the amount of the check.

McLENNAN, *P. J.* (Omitting part of the opinion). No case has been called to our attention where this question has been decided by the courts of this State. The text book writers do not seem to advance very decided views on the subject. Daniel, in his work on Negotiable Instruments, discusses the question somewhat at length, saying (4th ed. § 1618-B): "Whether Death of Drawer Revokes Check. The death of a drawer of a check, as is stated by many authorities, operates as a revocation of the authority of the bank or banker upon which it is drawn to pay it; and though it is conceded that if the bank or banker pay the check before notice of the death, the payment is valid; otherwise, it has been considered, it is not. This view has been generally based upon the decision in the English case of Tate vs. Hilbert, where it was held that the gift of a common check on a banker payable to bearer was not a valid *donatio mortis causa,* or an appointment or disposition in the nature of it. It is quite true that authority to an agent is revoked as a general rule by death of the principal; but this doctrine is qualified by the equally well-settled principle, that if the authority be coupled with an interest in the thing vested in the agent, the death of the principal operates no revocation. Now where a check is given to the payee for a valuable consideration (and the check imports value), the authority to the payee to collect the amount from the bank is coupled with a vested interest in the check. He can sue the drawer upon the check if it be dishonored. The drawing of the check without funds to meet it is a fraud, and the English case above referred to does not determine, as has been supposed, that when the check is given for value, the authority of the banker to it is revoked. The death of the drawer of an ordinary bill of exchange does not revoke it, and we can discern no principle of law which allows the death of the drawer to affect the rights of a check holder who has given value for it. The idea that the death of the drawer of a check given to the payee for value, operates a revocation, is, as it seems to us, a total misconception of the law. For a check is a negotiable instrument as often, if not more frequently, given for value, than any other species of commercial paper. The drawer is deemed the principal debtor, and it is anomalous to hold that his death in anywise lessens his obligations, or the right of the bank to pay it, when given for value."

In the case at bar it is conceded that the check in question was given to Michael Naylon without consideration and with the intention upon the part of the drawer, Callahan, that Naylon should present it for payment only in case of Callahan's death. We are,

however, of the opinion that it is immaterial whether the check was a gift or whether it was given for value. It is a long-established rule of the law merchant that a negotiable instrument imports value and we think that when a check is presented for payment to the bank upon which it is drawn the banker is authorized to rely upon the presumption that the check is given for value. He is not called upon to presume that the check was a donation. There is no reason why he may not rely upon the presumption which protects a purchaser in good faith and for value in due course of business. To hold otherwise would be to declare that one presumption attains in reference to the check while the drawer is alive and another to the same instrument upon his death.

We think the trial court was right, however, in charging the jury that if the bank had knowledge of Callahan's death before the check was presented for payment or if it had learned facts sufficient to put a reasonable man upon his inquiry, it was not protected in paying the check and upon the evidence presented upon this question the jury were warranted in finding as they did that the defendant paid the check in good faith, in due course of business and without knowledge of Callahan's death.

Assessment

DECISION OF COMPTROLLER—FINALITY OF.

Supreme Court of Kansas, Nov. 9, 1912.

RANKIN VS. WARE.

The decision by the Comptroller of the Currency that it is necessary to make a requisition on the stockholders to pay the debts of an insolvent national bank is not open to contest by the stockholders on the facts involved in the decision.

The Comptroller acts quasi judicially, and his determination cannot be impeached in a receiver's action to recover the assessment except for want of jurisdiction, bad faith, or other ground of equitable interference, and in such cases the specific facts authorizing relief must be pleaded with definiteness and certainty.

THIS was an action by the receiver of the Hutchinson National Bank to enforce the liability of the stockholders for the debts of the bank. In their answer the defendants set up that a previous assessment of seventy-five per cent. was amply sufficient, with the assets of the bank, to pay all its liabilities "if said trust had not been squandered and the assets frittered away."

BURCH, J (Omitting part of the opinion): Interpreted in the most liberal way, the answer does no more than assert that the first assessment was sufficient to discharge this responsibility, and that there was no necessity for a second assessment to pay debts of the bank. Under the acts of Congress the Comptroller of the Currency is a quasi juidicial officer vested with jurisdiction to decide these questions, and his decision that it is necessary to make a requisition on the shareholders is not open to contest by the shareholders on the facts involved in the decision. Their contract is to pay at such times and in such amounts as he shall determine, and so long as he acts within his jurisdiction and in good faith his determination cannot be impeached. Should he go beyond the ambit of his authority, or should his conduct be so irregular that to enforce compliance with his order would be practically equivalent to working a fraud on the shareholders, they may resist it. In any such case the grounds of resistance must fall under some recognized head of equity jurisdiction, and in the federal courts relief must be sought in equity and not at law. Under our practice the defense may be made in the receiver's action to collect the assessment; but in all cases the specific facts relied on to vitiate the Comptroller's action, whether they show want of jurisdiction, error of law, misconduct, fraud, or mistake, must be pleaded with all the definiteness and certainty required in similar cases. The foregoing propositions of law are fully sustained by the authorities, which are collated by Judge Sanborn in the opinion in the case of Deweese vs. Smith, 106 Fed. 438, 45 C. C. A. 408, 66 L.

R. A. 971. To the lists contained in this opinion may be added the subsequent cases of Studebaker vs. Perry, 184 U. S. 258, and Rankin vs. Barton, 199 U. S. 228, one of the suits now under decision.

Trust Company

MERGER—EFFECT OF—EXECUTOR.

Court of Appeals of New York, Oct. 15, 1912.

IN RE BERGDORF'S WILL.

The Banking Law of New York which authorizes two or more trust companies to merge into another, and declaring that on the merger the rights and franchises of the corporation so merged shall be vested in the corporation into which it has been merged, etc., permits a trust company to merge itself into another, and a trust company which merges into another company, without surrendering its corporate existence retains only its corporate entity, but otherwise it is nonexistent, and its property rights and interests vest in the company into which it is merged.

A testator appointed as executors two persons and a trust company and "the survivors and successors of them." The trust company subsequently and prior to his death was merged into another trust company. Held, that on the probate of the will, the latter company was entitled to letters testamentary, though the merged company was ignorant of the making of the will and its designation as executor.

THE will of Herman Bergdorf contained the following provision: "I hereby nominate and appoint as executors of this my last will and testament, and trustees of the trusts herein created my friend William Junghans, Gustav Engelke and Morton Trust Company, all of the city of New York, in the State of New York, and the survivors and successors of them." On January 27, 1910, the Morton Trust Company was merged into the Guaranty Trust Company of New York under and in the manner provided in sections 36 to 40, inclusive, of the Banking law. The question presented for the decision of the court was whether the Guaranty Trust Company was en-
'ed to letters testamentary.

COLLINS, J. (Omitting part of the opinion): The merger transferred to the Guaranty Company "all and singular the rights, franchises and interests of" the Morton Company "in and to every species of property, real, personal and mixed, and things in action thereunto belonging," and empowered the Guaranty Company to "hold and enjoy the same and all rights of property, franchises and interests in the same manner and to the same extent" as the Morton Company would if it "should have continued to retain the title and transact the business of" the Morton Company. This language means, not only that every right, privilege, interest, or asset of conceivable value or benefit then held by the Morton Company (except the right to be a corporation) should pass into and be absorbed by the Guaranty Company, but also that every right, privilege, interest, or asset of conceivable value or benefit then existing which would inure to the Morton Company under an unmerged existence should inure to the Guaranty Company. Nothing appertaining to the Morton Company was to be lost, forfeited or destroyed.

The designation of the Morton Company as an executor created a privilege or an interest in the estate of the testator appertaining to that company. The privilege or interest was not complete or vested. It was incomplete, potential and ambulatory. From it, undisturbed until the testator's death, issued the absolute interest of an executorship and the power to participate in the control and administration of the testator's estate and receive the legal fees and commissions. That interest had no source or origin other than the will and the designation. The testator's death did but complete and vest that which theretofore existed. It existed, although in an incomplete, imperfect and dependent condition, from the making of the will and at the time the merger of the Morton Company was consummated. Ignorance on the part of the Morton Company of its existence did not affect it. Through it that company would have been an executor and en-

titled to the letters testamentary if it had "continued to retain the title and transact the business of such corporation." The merger transferred it to the Guaranty Company, and, in effect, substituted that company for the Morton Company. The Guaranty Company was entitled to hold and enjoy it even as would the Morton Company under an unmerged existence. By virtue of the statute, effective as a part of the will, the Guaranty Company was designated as an executor, and as such is entitled to receive the letters testamentary.

Certification

EFFECT OF—WHEN DRAWER DISCHARGED.

Supreme Court of New York, Apellate Division, Second Department, Oct. 11, 1912.

DAVENPORT VS. PALMER ET AL.

If the holder of a check procures the same to be certified the drawer is released from further liability thereon.

But where the check is certified before delivery the drawer's liability continues, and this is the rule even though tne payee insists that the check be certified.

A certified check was tendered in payment of a mortgage to the attorney for the mortgagee, who refused to receive the same, unless his own name was inserted as payee along with that of the mortgagee. Thereupon the drawer interlined the attorney's name along with the mortgagee's, and the change was noted on the books of the bank. Before the check could be collected the bank failed. Held, that the check did not constitute a payment of the mortgage.

THIS was a suit in equity for the cancellation of a satisfaction piece and for the consequent foreclosure of a mortgage satisfied thereby. The question involved was whether the mortgage had been paid by a certified check which was afterwards dishonored because of the failure of the drawee bank. This check was drawn on the Union Bank of Brooklyn to the order of Lillian B. Barton, but the plaintiff objected to the check on the ground that he denied the check payable to his order so that he could obtain his fees. Thereupon the plaintiff made the check payable to the plaintiff's order as well as to Lillian B. Barton by interlining the plaintiff's name in the body of the check and had the change noted on the books of the Union Bank, after which he gave the check to the plaintiff and received a satisfaction of the Barton bond and mortgage. The plaintiff deposited the check with the Kings County Trust Company within ten minutes of its receipt by him. The Union Bank of Brooklyn closed the following day, and the check was dishonored when presented for payment.

Hirschberg, *J.* (Omitting part of the opinion): It is well settled, of course, that if the holder or payee of a check procures the certification of the same by the drawee bank, the drawer of the check is released from further liability thereon. The contract between the maker and the payee of the check is that the latter shall be entitled to payment upon presentation of the check to the bank upon which it is drawn, and not that the payee may accept the bank's certification in lieu of immediate payment. When the payee, instead of insisting upon immediate payment, causes the check to be certified he in effect causes the funds to be withdrawn from the control of the maker and leaves them with the bank for his own accommodation. Such certification operates substantially as a certificate of deposit in favor of the payee, and the law treats his act in obtaining it as a discharge of the drawer. (First Nat. Bank of Jersey City vs. Leach, 52 N. Y. 350; Dunn vs. Whalen, 120 App. Div. 729; Neg. Inst. Law [Consol. Laws, chap. 38; Laws of 1909, chap. 43], § 324.)

Where, however, the drawer causes the check to be certified before delivery, the same reason does not exist for holding him discharged from liability. The certification under such circumstances merely operates as an assurance that the check is genuine, and the certifying bank becomes bound with the drawer. (First Nat. Bank of Jersey City vs. Leach, supra, 350; Minot vs. Russ, 156 Mass. 458; Born vs. First Nat. Bank of Indianapolis, 123 Ind.

78; Oyster & Fish Co. vs. Bank, 51 Ohio St. 106; Andrews vs. German Nat. Bank, 9 Heisk. 211; Bickford vs. First Nat. Bank of Chicago, 42 Ill. 238; Brown vs. Leckie, 43 id. 497.)

In the case at bar the check was certified prior to its delivery to the plaintiff. I see no reason in principle why the plaintiff's consent to accept a certified check and his request that the certified check offered be changed so as to include his name as payee should operate to change the rule that certification prior to delivery does not release the drawer. Dalton's testimony regarding what was said between him and the plaintiff is given in these words: "I said, 'How do you want the money? Do you want it in cash or a certified check?' He said, 'A certified check will do.'" That was neither a binding tender of cash on behalf of the mortgagee, nor a refusal to accept the same had it been offered. It merely showed that the plaintiff was willing to take a certified check, and he cannot be presumed to have intended that the acceptance of such a check, certified prior to delivery, should change the usual obligations of the drawer. The subsequent addition of the plaintiff's name as one of the payees in the check before its delivery necessitated only an annotation in the books of the drawee bank, which was made prior to the delivery of the check and could not in any way lessen the drawer's obligation on the check. There is no finding that the plaintiff ever refused a tender of cash or insisted upon a certified check instead of legal tender. His testimony is to the effect that he wanted either cash or a certified check to his order, and the testimony of Dalton does not establish an actual tender of cash or a statement by the plaintiff that the same would have been refused if tendered. It is unnecessary, therefore, to consider or to determine what effect, if any, such a tender or refusal might have had upon the relative rights of the parties.

In Randolph Nat. Bank vs. Hornblower (160 Mass. 401) it was held that the certification of a check by the drawer prior to delivery, even although made at the request of the payee, does not release the drawer; and such is, I think, the proper rule. No case to the contrary has been cited or found. Certainly the reasons for releasing the drawer from liability when the check has been certified by the holder after delivery do not exist in such a case. The purpose of requesting the drawer to have the check certified before delivery is generally that the bank may be made liable thereon as well as the drawer, thereby enabling the payee to more readily negotiate the check. A request by the payee for such a certification should not, therefore, be deemed an election to take the certified check in payment of the debt. It follows that the judgment appealed from should be reversed and a new trial granted.

Collections

CHECK TAKEN IN PAYMENT—CUSTOM OF BANKS.

New York Supreme Court, Second Department, Appellate Term.

ALBERT VS. STATE BANK.

A bank undertaking to collect a note for a depositor must require payment in legal currency or bills which pass as money and has no right to accept certification of a check instead of payment. But a general and universal custom among bankers to accept checks in payment of claims which they hold for collections is binding upon their customers, and a proper discharge of the duty of a collecting agent.

Such a custom or usage among banks, however, must either be known to the depositor or be so general and common as to raise the presumption that he had it in mind at the time of the deposit for collection. Credit given in a passbook binds the bank, and in the absence of some clerical mistake with respect to the entry, when the credit entry has been made the bank has then charged itself with a debt absolutely due to its customer.

THE plaintiffs deposited a note made by the Acme Column Company with the defendant for collection. The note was dated March 15, 1910, and payable twenty days after date at the

Union Bank of Brooklyn, Seventeenth Ward branch. The note was entered in the plaintiffs' pass-book as for collection. On the due date the defendant presented the note for payment at the Union Bank which was thereupon stamped "accepted," returned to the State Bank and sent with exchanges the next day through the clearing-house. In the meantime the Union Bank had failed and the note was returned to the State Bank unpaid. There were sufficient funds of the Acme Column Company on deposit in the Union Bank on the fourth day of April to have paid the note, but the reason cash was not given at the time of presentment was stated to be a custom among banks to stamp notes as accepted and send them through the clearing house for payment like other exchanges. When this note was returned to the State Bank stamped "accepted" and before it had been put through the clearing-house the State Bank had entered in the plaintiffs' deposit book the amount thereof as a credit and informed them through its agent that the note had been paid.

As the defendant refused to recognize this credit the plaintiffs brought this action to recover the amount of the note which the defendant attempted to collect in their behalf.

The points decided are stated in the syllabus.

"Peddler's" Notes

WHEN VOID—NEGOTIABLE INSTRUMENTS LAW.

Court of Appeals of Kentucky, Nov. 19, 1912.

CITIZENS' BANK VS. CRITTENDEN RECORD PRESS.

The enactment of the negotiable Instruments Law in Kentucky did not serve to protect a holder in due course as against the defence that the note is a "peddlers" note and void because not indorsed as such.

WINN, *J.* (Omitting part of the opinion): The appellant bank filed in the lower court its action seeking to recover from the appellees, the Crittenden Record-Press and S. M. Jenkins, as its sole owner, on two notes for $150 each, drawn by the apellees in favor of the American Manufacturing Company, and by it indorsed and sold to the bank in due course, within the intent of the Negotiable Instruments Law. Among other defenses interposed, there is only one which is necessary to be noticed, i. e., that these notes were "peddler's" notes, and void because not so indorsed, as provided under section 4223, Kentucky Statutes. The trial court ruled the burden to be upon the defendant, and at the conclusion of all the testimony directed a verdict in favor of the defendant. From judgment thereon, this appeal is prosecuted.

In Lawson vs. First National Bank of Fulton, 102 S. W. 324, we held that the enactment of the negotiable instruments statute did not serve to protect a holder in due course of a note void under section 4223 of the Statutes. That question therefore, need not be considered.

Cashier

AUTHORITY TO INDORSE—INDORSING TO HIMSELF.

Kansas City Court of Appeals, Nov. 11, 1912.

LONG VS. LONG.

Under Rev. Stat. of Missouri, the cashier of a bank has no power to sell to himself a note of the bank in the absence of authority from the board.

Where a cashier has transferred to himself a note belonging to the bank in the absence of such authority he cannot maintain an action thereon.

The transfer may not be vitalized by the subsequent action of the board.

THIS was an action upon a promissory note executed and delivered to the Farmers and Merchants Bank of Sturgeon, Mo.

JOHNSON, *J.* (Omitting part of the opinion): The plaintiff acquired no title or right to the note under his pretended purchase from the bank, the payee and legal holder thereof. If it be true, as he states, that as compensation to the bank he had the amount of

the note charged to his stock account, and if we should assume that his stock in this insolvent corporation possessed a value equal to the value of the note, still plaintiff, as the cashier and managing officer of the corporation, had no power to sell to himself a note belonging to the corporation, in the absence of a grant of authority from the board of directors expressed in a formal manner at a regular meeting. Section 1112, Rev. Stat. 1909, provides that the cashier of an incorporated bank "shall have no power to indorse, sell * * * any notes * * * received by said corporation for money loaned, until such power and authority shall have been given such cashier or other officer by the board of directors, in a regular meeting of the board, a written record of which proceeding shall first have been made * * * and all acts of indorsing selling, * * * done by said cashier, * * * without the authority from the board of directors, shall be null and void."

In Vansandt vs. Hobbs, 84 Mo. App. 628, we construed the statute to denounce as void and not merely voidable any act of a bank cashier in violation of its provisions. The St. Louis Court of Appeals in Hume vs. Eagan, 73 Mo. App. 271, held that the true intent of the statute was to make voidable an act in contravention to its provisions and that an unlawful act of the cashier could be vitalized by a subsequent formal ratification by the board of directors. We think this view of the statute, if countenanced, would have the effect of setting at naught its controlling purpose, and would open the door to the very evils the Legislature intended to suppress. The temptations of the managing officers of banking institutions to speculate with and manipulate to their own advantage the assets intrusted to their care and preservation should be removed or reduced to a minimum, and that was the very object the Legislature had in mind when it provided that they could not sell or pledge any of the property of the bank without first obtaining authority from the board of directors at a regular meeting, expressed in the most formal way. To say that the board may do afterwards the very thing the statute says in the strongest language must be done before would be to disregard the plain letter and manifest spirit of the law, and to restore in full vigor the abuses the statute was designed to suppress. But there is no question of subsequent ratification before us, and we do not find it necessary to certify this case to the Supreme Court on account of the difference between us and the St. Louis Court of Appeals in the interpretation of the statute under consideration. Without any authority, plaintiff took possession of his brother's note, and, without any attempt to have his act approved by the board of directors, asserted ownership in it, and attempted to palm it off on his indulgent mother as his own property. He acquired no title to the property, and his suit must fail on that ground if on no other. Further, we think his own evidence shows beyond question that he did induce his mother to give him credit for the note, but in view of what we have already said, which disposes of the case, we do not deem it necessary or expedient to go into that subject.

Set Off

INSOLVENT BANK — ACCOMMODATION MAKER.

Court of Appeals of New York, Nov. 19, 1912.

BUILDING & ENGINEERING CO. VS. NORTHERN BANK.

The indorser of a promissory note made as an accommodation for him and held by a bank, which becomes insolvent before the note matures may elect to have such note become due and payable at once and set off against it the amount of his deposit with the bank.

This rule has not been changed by the Negotiable Instruments Law.

CHASE, *J.*—The defendant bank is a domestic banking corporation. It is insolvent, and is now and has been since December 27, 1910, in the possession of the Superintendent of Banks of the

State of New York under the provisions of section 19 of the Banking Law.

On November 30, 1910, two persons, for the accommodation of the plaintiff, made their promissory note for $20,000 payable three months from date to the order of the plaintiff. It was indorsed by the plaintiff, and upon the same day discounted by the defendant bank and placed to the credit of the plaintiff. The defendant bank knew at the time said note was made and delivered to it that it was so made by the two persons solely for the plaintiff's accommodation.

At the time the Superintendent of banks took possession of the defendant bank the plaintiff had on deposit therein the sum of $24,837.27. On January 15, 1911, and at various times thereafter, the plaintiff demanded that the defendant offset against its liability on said note the moneys so on deposit to its credit. The defendants neglected and refused to make such offset and threatened to commence an action on the note against the accommodation makers thereof without making the plaintiff a party thereto. This action was commenced and the complaint demanded judgment that said promissory note be offset against said credit balance and the note surrendered to the plaintiff, and that judgment be awarded to it for the balance then remaining on deposit in said bank. The defendants demurred to the complaint on the ground that it did not state facts sufficient to constitute a cause of action. Thereafter the plaintiff and the defendants each by motion asked for judgment upon the pleadings. The motions were heard together and the motion of the defendants was denied and that of the plaintiff was granted, with leave to the defendants to serve an answer within ten days on payment of costs. The defendants failed to serve an answer, but appealed from the interlocutory judgment to the Appellate Division, in which court said judgment was unanimously affirmed. Final judgment was then entered, from which an appeal has been taken to this court.

It is conceded that prior to the enactment of the Negotiable Instruments Law in 1897 the indorser of a promissory note made as an accommodation for him by another and held by a banking corporation, which before such note became due had become insolvent, could elect to have such note become due and payable at once and require the representative of such insolvent bank to offset the same against a deposit in such bank to the credit of such indorser.

It was prior to that time frequently held that under such circumstances an equitable right to offset one claim against the other existed (Scott vs. Armstrong, 146 U. S., 499; Fera vs. Wickham, 135 N. Y., 223; Hughitt vs. Hayes, 136 N. Y., 163; Clute vs. Warner, 8 App. Div., 40; O'Connor vs. Brandt, 12 App. Div., 596; Matter of Hatch, 155 N. Y., 401).

In Scott vs. Armstrong (supra) the court, in referring to the reason in equity why such an offset should be enforced and why a setoff should not be considered a preference, said: "Where a setoff is otherwise valid it is not perceived how its allowance can be considered a preference, and it is clear that it is only the balance, if any, after the setoff is deducted which can justly be held to form part of the assets of the insolvent. The requirement as to ratable dividends is to make them from what belongs to the bank, and that which at the time of the insolvency belongs of right to the debtor does not belong to the bank" (p. 510). (See Hughitt vs. Hayes, supra.)

The appellants insist that the rule in equity has been prevented by the provisions of sections 3 and 55 of the Negotiable Instruments Law.

Section 3 of the Negotiable Instruments Law (Cons. Laws, chap. 38) is as follows: "The person 'primarily' liable on an instrument is the person who by the terms of the instrument is absolutely required to pay the same. All other parties are 'secondarily' liable."

Section 55 of said law provides that an accommodation party "is liable on the instrument to a holder for value,

notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party."

No question arises in this case, nor could it be successfully contended, that the accommodation makers of said note so indorsed by the plaintiff are not liable thereon to the representative of the insolvent bank. Their liability as a matter of law does not prevent the courts from decreeing in equity that the indebtedness of the plaintiff to the insolvent bank and the indebtedness of the insolvent bank to the plaintiff should be offset.

This court has in a prior case refused to construe sections 3 and 55 of the Negotiable Instruments Law in an action at law when that question was not fairly presented by the appeal then being considered (Nat. Citizens' Bank vs. Toplitz, 178 N. Y., 464). It is quite unnecessary in this case to determine the effect of said sections in an action at law. This is not an action at law, but an action in equity, where as was said in the Armstrong case, natural justice would seem to require that the offset should be decreed.

It nowhere appears from the Negotiable Instruments Law or from anything that can be considered in determining the intention of the Legislature that said sections 3 and 55 were intended to prevent the courts from determining in equity all questions between an insolvent holder of a note and the one primarily liable for the indebtedness on the instrument as a matter of fact, whether maker or indorser.

In our judgment the authorities mentioned which hold that under the circumstances alleged in the complaint in this action an offset should be decreed should be considered as binding upon us in this action notwithstanding the provisions of the Negotiable Instruments Law.

If we assume that in an action at law the makers of the note must arbitrarily be treated as primarily liable thereon and the plaintiff as secondarily liable thereon, it does not prevent the court in an action in equity from determining and enforcing the rights of the parties as the same are found as a matter of fact (Winne vs. Winne, 166 N. Y., 263, 271).

The judgment should be affirmed, with costs.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Notice of Dishonor

BUFFALO, N. Y., Dec. 30, 1912.

Editor Bankers Magazine:

SIR: A and B are indorsers on a note which is protested for non-payment. Through some mistake, notice is sent to B only, the person from whom we received the paper. If we sue B may he claim that we should have notified A also?

A. B. C.

Answer: No. The holder is not bound to give notice to anyone but his immediate indorser. (West River Bank vs. Taylor 34 N. Y. 128.) If B wishes to look to A, as the party liable to him, he should see that notice is given, and for this purpose, he has, after the receipt of such notice, the same time for giving notice to A that the bank had after the dishonor for giving notice to himself. (Negotiable Instruments Law, Sec. 178.) In the case above cited, the court quoted with approval the following from Edwards on Bills: "The holder should give notice of dishonor to all the parties to whom he intends to look for payment; but it is enough for him *to send* or *give due* notice to his indorsers, for the purpose of charging the party indorsing the bill over to him; and it is the business of each indorser to take care that the

party responsible to him is duly notified. Whether there be few or many indorsers, the duty of each is the same; if the notice be transmitted from one indorser to another in the usual order of their indorsements, and one of them sends it forward on the day he receives it, and a prior indorser lets it lie over one day too late, the latter cannot excuse his neglect by showing that the holder or one of the subsequent indorsers had used greater diligence than was required of him, so that altogether there had been no more time consumed in giving the notice than the law would have allowed if each party had mailed the notice on the next day. The over-diligence of one will not supply the want of diligence in another."

Director—Stock Qualification—Stock Held as Collateral

CLEVELAND, OHIO, Dec. 23, 1912.

Editor Bankers Magazine:

SIR: I am the executor of a large estate which owns one hundred shares of the stock of a national bank, and it is proposed to elect me a director at the next annual meeting of the stockholders. Am I sufficiently qualified by the stock which the estate owns or will it be necessary for me to buy ten shares of stock?

EXECUTOR.

Answer: The National Bank Act provides that "every director must own, *in his own right,* at least ten shares of the capital stock of the association of which he is a director, unless the capital stock of the bank shall not exceed twenty-five thousand dollars, in which case he must own, *in his own right,* at least five shares of such capital stock." Rev. Stat. U. S. 5146; Act. Feb. 28, 1905. As the stock must be held in the director's *own right,* it is obvious that one who holds such stock in the representative capacity of executor, would not possess the necessary stock qualification.

Proxy—Director as—Choice of

BROOKLYN, N. Y., Dec. 26, 1912.

Editor Bankers Magazine:

SIR: In obtaining proxies for our annual meeting of stockholders, may we have the same made out to one of the directors, or is he regarded as an "officer" and therefore forbidden to act as proxy?

PRESIDENT.

Answer: The National Bank Act provides that no officer, clerk, teller or bookkeeper of the bank shall act as proxy at an election of directors. (Rev. Stat. U. S. Sec. 5144.) Whether the word "officer" will include a director is a question about which opinions differ. At one time, the Comptroller of the Currency adopted the view that a director is not within the language or meaning of the section; but the contrary view is now held. Until the point is decided by the courts the wiser course is to have the proxies run to some person in no way connected with the bank.

Annual Meeting—Time for Holding—How Date Fixed

ALBANY, N. Y., Dec. 20, 1912.

Editor Bankers Magazine:

SIR: I observe that the directors of national banks are generally, if not always, elected in January. Does the law fix any particular date for holding such elections, or is this merely a bank custom?

STATE BANKER.

Answer: The National Bank Act provides that meetings of stockholders for the election of directors shall "be held on such day in January of each year as is specified therefor in the articles of association" (Rev. Stat. U. S. 5145). The election, therefore, must be held on some day in the month of January, but each bank may exercise its own discretion in choosing the particular day of the month. The second Tuesday of the month is the day commonly adopted.

The Question of Capitalization*

BY W. H. LOUGH.

As a result of the current discussion of tariff revision and corporation earnings, the whole matter of capitalization is very much in the public eye. In the following article Mr. Lough, himself an experienced corporation executive, clears up a number of points on which a good deal of doubt exists in investors' minds.

MOST people have very hazy ideas as to how the capitalization of corporations is determined in practice, and as to the principles which ought to be followed. We hear a great deal about "watered stock" and "over-capitalization"; but it usually turns out on analysis that these terms are used without any clear understanding of their meaning. This article will consider briefly the questions: What factors determine how large the stock and bond issues, both of small and of large corporations, should be? Why is it important that correct principles of capitalization ~~should~~ be? Why ~~is~~ it ~~important that~~ will tell us whether a corporation is properly capitalized, or not?

DEFINITIONS.

At the outset it is important to distinguish between three terms which are often confusing.

Every corporation necessarily employs "capital," or "capital funds," by which is meant the permanent money investment in the business. This investment need not necessarily be in cash; it may be contributed wholly, or in part, in the form of property or of services, which have a definite money value. The invested capital need not necessarily all be received at the time the corporation is organized; it may be secured by later issues of securities, or it may be saved out of the corporation's income.

Capital so invested may provide either capital assets or current assets. "Capital assets," the second term which calls for definition, consists of those assets which are essential to the continuance of the business, such as real estate, plant, machinery, good-will, basic patents, and the like.

Finally, we have the term "capitalization." When used in a legal sense this word generally means simply the total part value of the authorized capital stock of a corporation; but in its popular sense, and as it will be used in this article, the word means the par value of all the outstanding securities, both bonds and stock.

CAPITAL VS. CAPITAL ASSETS.

The first point to be made is that the capital—that is, the money investment—of a corporation is not equivalent to the corporation's capital assets. Indeed, in many lines of business, such as jobbing, publishing and importing, almost all the corporation's capital takes the form of current assets; and in every business, at least a portion of the capital must go toward building up current assets.

Another point of greater importance is that there is very seldom even a close correspondence between the original investment of capital and the value

*Courtesy of the Alexander Hamilton Institute.

of a corporation's assets. Capital assets are constantly, and as a rule rapidly, changing in value. Plant and machinery depreciate; the value of real estate rises and falls; the value of patent rights is subject to enormous fluctuations; good-will is created or lost. Take, for instance, the Eastman Kodak Company; its good-will is estimated by conservative judges to be worth, at least, $35,000,000.00, all of which has been acquired without any corresponding capital investment worth mentioning. On the other hand, a great many concerns have invested so foolishly that their present capital assets have a very small value compared to their capital investment.

The Three Possible Bases of Capitalization.

Keeping these definitions and distinctions in mind, let us now consider briefly the respective merits of the various advocated principles, or bases, of capitalization. They all fall into three groups, and may be summarized in the three following propositions:

1. The capitalization of a corporation should be fixed by the actual capital investment.
2. The capitalization should be fixed at any particular time by the cost at that time of reproducing or duplicating the corporation's capital assets.
3. The capitalization should be based upon the corporation's earning power regardless of the capital investment, or of the appraised valuation of the capital assets.

Capital Investment as a Basis.

Many people are inclined to assume, without much thought, that the capitalization of a corporation should correspond exactly to the amount of capital invested. Lawmakers and judges, almost without exception, have accepted that theory. Attorney-General George W. Wickersham in a recent article says:

"*A priori*, there would seem to be no reason why the incorporators of an ordinary trading or business corporation should not ascribe any value they please to property with which they propose to engage in business, for the purpose of fixing the amount of the capital stock, nor why they should not give an interest in that capital by the issue of certificates representing shares therein to those who may have promoted or brought about the organization, so long as they do not deceive the public or those who may have to deal with the company, either by misrepresentation or suppression of the facts.

"The statutes in a number of the states are, however, framed on a different theory, and even where they are not, courts have supplemented them by inventing new grounds of liability in cases where the valuation of property, reviewed after insolvency, has been regarded by the courts as in excess of what should have been the valuation at the time of its acquisition."

In plain English, the courts have been, and are still, trying to compel corporations to base the total par value of their stocks and bonds outstanding on the capital investment in the corporations, the idea being to forestall either over-issues or under-issues of securities.

As a matter of fact, this purpose is not, and cannot possibly be, accomplished. As we have already seen, there is no necessary correspondence between the value of a corporation's assets and its capital. Its capital remains fixed, or is changed only at stated periods; the value of its capital assets continually fluctuates. Suppose that a corporation starts with a cash investment of $100,000.00, and issues $100,000.00 of capital stock to correspond; then we have at the beginning the condition contemplated in legal theory, namely, an exact equality between capital assets, capital, and capitalization. But that condition cannot last; in a month the capital assets may be worth, perhaps, $105,000.00, or perhaps $95,000.00; in a year they may be worth, say, $150,000.00, or perhaps, $50,000.00; in five years the capital assets may be worth $1,000,000.00, or may be worth nothing. In the first case

we are confronted by an enormous under-capitalization of the concern's assets; in the second case by a still greater proportionate over-capitalization.

Neither laws nor judges can regulate price movements; nor can they maintain a constant equilibrium where one factor is stable and the other fluctuating.

It is not surprising, therefore, that the legal theory of capitalization is not in practice much observed. Small, closely-held corporations, to be sure, often sell their stock only for cash, or for conservatively appraised property at par; but when such corporations grow out of their original obscurity, and increase the number of their stockholders, they generally find it preferable to adopt another basis for determining their capitalization.

Among large corporations it is difficult to find examples of capitalization closely corresponding to the capital investment.

Cost of Reproduction as a Basis.

The idea of basing the capitalization of a corporation on the estimated cost of reproducing its capital assets has no general application; it has been advocated, chiefly by certain state railroad commissions, as a step toward the regulation of railroad rates. Inasmuch as the scheme has by implication been disapproved by the United States Supreme Court, we need not give it further attention.

Earning Power as a Basis.

Nearly all large corporations are capitalized on the basis of earning power. Inasmuch as it has previously been stated that judges and lawmakers demand that capitalization and capital investment should correspond, it may seem strange that in practice this principle is so little followed. The loophole for evasion and practical negation of the legal rule is found in the usual statutory provision to the effect that property and services may be exchanged for corporate stock, and that the corporation's directors may use their own discretion in placing values on property and services. In most states, and within reasonable limits, directors are thus enabled to issue corporate stock without paying much attention to the market value of the property or services received in exchange. Thus, when the United States Steel Corporation was first organized its promoters turned over all its securities (approximately $1,300,000,000.00 par value) to the banking house of J. P. Morgan & Company, in exchange for a contract under which the bankers agreed to deliver the stocks of certain subsidiary companies to the United States Steel Corporation. The stocks of these subsidiary companies did not at the time have a market value anywhere near the par value of the Steel Corporation's securities. The same general plan is followed in the formation of almost all good-sized corporations.

What is Earning Power?

The proper methods of arriving at the earnings and the percentage to be used in capitalizing them depend, of course, largely upon the nature of the business. For the present purpose corporate earnings may be classified under these three heads: (a) Earnings which are practically certain, and can be determined in advance; (b) earnings which may be estimated in advance with approximate accuracy, as in the case of well-established manufacturing or trading concerns; (c) earnings which are merely hoped for, as in the case of new companies working in untried fields.

It is customary to capitalize earnings that are practically certain at a low rate, say, four or five per cent. If, for instance, a street railroad company can figure absolutely on minimum earnings of at least, $100,000.00 per year, it would probably issue securities of between $2,000,000.00 and $2,500,000.00. The former figure would be a capitalization of earnings on a five per cent. basis; the latter, on a four per cent. basis.

Where earnings can be estimated with reasonable accuracy it would be considered conservative to capitalize them on a six to ten per cent. basis, depending on the prevailing rate of profits in the section in which the company is financed.

Those corporations which are conducting speculative operations, the profits of which may prove very large, or may be less than nothing, cannot be conservatively capitalized. Usually the promoters of such corporations determine the capitalization with reference to their plans for selling stock, rather than with reference to the prospective earnings.

One corporation very often has in prospect earnings of any two, and sometimes of all three of these classes. If its financing is conservative very little attention will be paid in figuring the capitalization to those earnings which are merely hoped for.

Obviously, it is proper in any case to consider the anticipated average earnings over a series of years, not merely the earnings of any one year. It is obvious, also, that the capitalization of a concern may be, and usually is, increased from time to time, if its earnings increase. It is more difficult, and more unusual, to reduce capitalization in case earnings decrease, although this is sometimes done.

Test of Proper Capitalization.

The advantages of basing capitalization on earning power, rather than on capital investment, are two: First, the capitalization is thus brought into closer correspondence with the value of the capital assets; second, the corporation's securities sell more readily, and for a higher total sum than under any other plan of capitalization. Both these statements call for explanation.

It has been stated above that capital assets fluctuate in value. Two factors cause their fluctuation. First, external conditions, such as general price movements, real estate booms or declines, inventions and so on, are constantly operative. A much more important influence, however, is the up or down movement of the corporation's own earnings. If a concern is regularly earning net profits of $10,000.00 per year, and suddenly, without additional investment, begins to earn regularly $20,000.00 per year, it is evident that the value of the capital assets of that concern will automatically be doubled. In all business operations the earnings constitute the prime factor that fixes values. Now, if capitalization is based

directly upon earnings, it is evident that changes in capitalization will correspond closely to changes in the value of the corporation's capital assets.

The market value of the securities of those corporations which are conservatively capitalized on the basis of earning power will necessarily be fairly close to their par value. This follows from the fact that the earnings are capitalized on the basis of the current rate of profits. This is a most desirable result, for it has been found by long experience that those securities, other things being equal, are most readily salable and command the broadest market, which have a market value approximating their par value.

Inasmuch as the preference unquestionably exists, we have here a convenient and easy test of the wisdom with which earnings have been estimated and capitalized. If the work is properly done the corporation's securities should have a market value some place near their par value. If the market value is much higher, the corporation may properly be called under-capitalized; if it is much lower, the corporation is over-capitalized.

The "Money Trust" Investigation

The unfairness of the committee's methods in dealing with stock exchange matters pointed out by Nelson, Cook & Co.

It is very evident from the arbitrary action of the Pujo Committee that it started in with the presupposed view that the actions of stock exchanges must necessarily be objectionable, if not absolutely dishonest. In examining the witnesses called before this committee it would appear that they are not permitted to make the necessary explanation which is necessary to confirm the testimony given, but are compelled to answer questions propounded to them, such questions being prepared with the apparent view of obtaining only such evidence as the committee desires to get, and compelling the witness to give a yea or nay answer without explanation.

At a recent hearing an answer given by one of the representatives of the New York Stock Exchange which admitted that the capital stock of corporations traded in at that exchange was sold during one year to an amount many times more than the full amount of such capital stock issued, was made much of and fully exploited in the newspapers as proving that the trans-

actions on the stock exchange were not only in the nature of a speculation, but of pure and simple gambling. If the witness had been permitted to fully explain the trading in stocks at the New York Stock Exchange it could easily have been shown that there is absolutely nothing to be complained of in regard to this much advertised fact that the capital stock of a corporation was trade in many times over during a short period of time.

There are eleven hundred members of the New York Stock Exchange, and the attendance on the floor is probably two-thirds of this number. Of the brokers on the floor of the exchange a considerable number of them are engaged in trading on their own account. These brokers may buy or sell 1,000 shares of stock and turn it over at a profit of one-eighth or one-quarter of one per cent. several times during one day's session. It can be readily seen, therefore, that the transactions at the New York Stock Exchange are greatly augmented by speculation either among the brokers themselves or for their clients.

Speculation and Gambling.

The Pujo Committee seems anxious to prove that all speculation is in the nature of gambling. We think a distinction can justly be made between speculating and gambling. The man who deals in the stock market either through buying or selling securities is governed by a certain amount of information and judgment as to the course of the market and the value of securities, while the man who gambles acts without any information and simply takes a chance which in most instances is against him from the beginning.

All trade and commerce and business generally carries with it a certain element of speculation. The cotton crop, for instance, is no doubt sold many times over and the same may be said of grain, provisions and live stock. Let us take as an illustration the dealing in beef cattle. The farmer raises the calf and in eighteen months or two years it becomes fit for the market. He sells this steer to the local agent. The local agent sells it to a buyer for shipment. The shipper sells it again at the point of destination. At this point may be sold again to a farmer or stock man for maturing and fattening for the market. This stock man sells it again to a local agent. The local agent sells it again to the dealer at the stockyards and he in turn sells it to the butcher, who finally sells it to the consumer. Now, this particular steer has been sold at least half dozen times and it may be said that to a certain extent this system of conveying beef cattle from the farmer to the consumer is quite general. Now, would anyone hold that these transactions in beef cattle, which cattle are sold over and over again and in the aggregate constitute a number greatly in excess of the number of cattle raised, can be held up before the public as transactions having the brand

ALBERT H. WIGGIN

WHOSE RECENT PURCHASE OF A LARGE BLOCK OF SHARES OF THE CHASE NATIONAL BANK MAKES HIM A STILL MORE PROMINENT FIGURE IN THE NEW YORK FINANCIAL WORLD

PREVIOUS numbers of the BANKERS MAGAZINE have chronicled the steady rise of Mr. Albert H. Wiggin to a commanding place in the financial world. The prominence of his position has been greatly increased recently by the purchase by himself and associates of a controlling interest in the Chase National Bank of New York, of which Mr. Wiggin is president.

Mr. Wiggin got his early official bank training in Boston, coming to New York in 1899 as vice president of the National Park Bank. In 1904 he went to the Chase National as vice-president, and something over two years ago became president.

As the Chase National Bank, both in point of growth and earnings, ranks among the notably successful banks of the United States, the rise of Mr. Wiggin to a commanding place in its management, within a comparatively short time after his coming to New York, and before he had reached the age of forty-five, marks him as one of the strong figures of the banking world.

Besides being president of the Chase National Bank and with his friends owning control of its shares, Mr. Wiggin is identified as a director with several of New York's other great banks and trust companies, and is, moreover, an important factor on the board of some of the great industrial corporations.

of gambling. Relatively these transactions in beef cattle can be compared as to volume with the amount of capital stock sold on the New York Stock Exchange.

The same thing happens in grain and cotton. If a bale of cotton or a bushel of grain could be traced from the producer to the consumer, it would be found that the entire crop of grain and of cotton had been sold many times over.

We give these illustrations simply to show how unjust it is to hold up to the public as gambling the transactions of the stock exchange simply because the amount of capital stock of a particular corporation seems to be sold over and over again during the course of a year.

It is, of course, to be admitted that no organization is perfect, but we do claim that the rules and regulations of the stock exchanges of this country are made primarily for the protection of the public and also for the regulation of their own members and are such as to preclude the possibility of any advantage being taken of the public. The rules of the stock exchange in the regulation of its members are more drastic than those of any other organization and are enforced to the letter. So far as short sales are concerned, the courts have decided that they are as legal and regular as are purchases. Besides it has been demonstrated over and over again that the covering of short sales have often saved the market from demoralization. There is one thing which has not been brought out by the Pujo Committee, a fact which would go far toward offsetting the somewhat damaging evidence given—that there never is a transaction made on the stock exchange whether the stock is sold or bought that is not consummated by a delivery and payment in cash the following day. This is one of the things that the Pujo Committee does not appear to desire to disclose.

Not a "Grill."

We think we have a just right to complain of our newspapers, in speaking of the testimony given by bankers before the Pujo Committee, in printing prominent headlines to the effect that the bankers are on a "grill." This would intimate that the bankers of our country are being investigated as would be a supposed criminal before a police court or body of detectives. In all the evidence which has been given before this committee there has nothing developed which would show that the banking interest of this country is not conducted upon highly honorable lines or that the bankers have done anything of which they might be ashamed. Great stress is laid upon the immense combination of capital under the control of Mr. Morgan and his associates. But there has not been any evidence whatever, or attempt to show that these great financiers have ever used their immense power to the disadvantage of the people. On the contrary, if the Pujo Committee was really sincere in an endeavor to find out the exact truth, it could be clearly demonstrated that the great wealth and financial power of Mr. Morgan and those connected with him have been used over and over again for the good of the public, and that all recent panics they have been checked and controlled through the instrumentality of these great financiers.

It is impossible in these days to carry out great undertakings except through a combination of capital. It would be impossible, through individual efforts to raise vast sums of money for the financing of industrial and transportation companies except through such combinations, and the good done by such coöperation in banking far off-

sets any supposed evil which may be contained therein.

As to Panics.

President-elect Wilson, in a speech a few days since, showed most clearly that he had not yet gotten it out of his head that panics are made to order. He threatens that he will use every effort to "hang upon a gibbet of public disgrace" those who are responsible for producing panics. In passing, we would suggest that Mr. Wilson should turn his attention to the methods used by the Pujo Committee and the supposed expressions of its chairman, as we consider that such methods as characterize the proceedings of this committee are more responsible than anything else for the creation of a sentiment of distrust and apprehension in the financial and business world. Could anything be more alarming or better calculated to produce a panic than the following sentiment credited in the newspapers to Chairman Pujo?

"I believe that it is clearly shown that the stock and some of the produce exchanges, as well as most of the clearing houses, are conspiracies in restraint of trade. As such, all of their interstate business should be barred from the mails. The committee, I feel certain, will recommend such action by the executive branch of the government.

"In listing securities, in limiting the size of their membership and by various other restrictions the stock exchanges and clearing-house associations become, in effect, gigantic trusts, monopolies of commerce, that are amenable to the law. The New York Stock Exchange is a striking example of this business domination.

"The postal laws will be invoked to exclude the exchanges, associations or bankers and brokers from use of the mails in interstate commerce unless complete reorganization is made. If they are not reorganized they will be treated exactly as the Louisiana Lottery was treated."

The fact of the matter is that bankers, and especially such combinations of banking interests as is supposed to be under the control of Mr. Morgan, would be injured more than anyone else through the effects of a panic, and it is simply absurd to intimate that the banks of this country ever did or ever could do anything to bring about a period of distrust which might lead to a financial panic.

The "Sucker List"

By H. B. Matthews of S. W. Straus & Co.

THE phrase "Sucker List" is borrowed from the genial lingo of the get-rich-quick promoters, who term anyone on their mailing list, who receives their literature regularly, as a "sucker" and the list itself as a "sucker list." The buying and selling of "sucker lists" used to be quite an industry. Ordinary names sold for about fifty cents a piece, while the names of those who previously had purchased worthless stock, and had money and disposition to purchase again, were worth as high as $5.00 each. Once anyone gets on a "sucker list," he is liable to be bombarded with get-rich-quick circulars from a dozen or a score of promoters for years to come.

One interesting piece of literature came from a well-known promoter, in Chicago, whose boast is that he is too

acute for the postoffice authorities to get him. He urges you to send him your money, and states that "when once the laws of the science of investing for profit are put into active operation, the money of the people will remain in the ownership or control of the people; the power to centralize and manipulate the people's money will end, the big trusts will cease to grow; the big profit made by development will go to the founders of enterprises; the power of trusts to monopolize will forever pass away, and finally, the day of duplicity will end. Then the people will set their money at work for themselves. They will make it earn the limit." Anyone would consider his words, "the day of duplicity will end," as master-strokes, but he goes even farther.

"No longer," he says, "will the meretricious get-rich-quick cry of the subsidized press be successfully used against the people and their money for aggrandizement in Wall Street and its monopolistic interests; in short, the Money Beast. The savings of the thrifty will be used for the people and not for their despoilation."

"The Science of Investing for Profit."

And what is the "science of investing for profit" that is going to accomplish all these wonderful results? A few circulars enclosed by the kind-hearted promoter tells us what it is. One of them offers stock in a Tungsten mine promotion. "They cry for Tungsten," exclaims the circular. What then, does the "science of investing for profit" bid us do? It bids us buy stock. We may purchase any portion of fifteen million shares of this stock at 35 cents a share, and the circular assures us that the stock is "a safe and stable investment." There is no balance sheet, no income account, actual or estimated, not even a list of the company's property.

But no one should worry for lack of a balance sheet. The president of the company has the prefix "Hon." attached to his name. If this is not enough, certainly the fact that he is a member of the county commissioners of his county should reassure everyone, for all men know that all county commissioners are animate pinnacles of virtue. If the investor has not enough money to purchase his desired 100 or 1,000 shares, he will be permitted to buy on the instalment plan, paying the balance in monthly sums of not less than seven cents for each share. No sum, of course, is too small for the promoter to overlook, although he states that "orders for less than 100 or more than 5,000 shares are not solicited on the instalment plan." After a while, of course, those who have not purchased stock at 35 cents a share will be notified that this is their last opportunity and that at such and such a date this price will be advanced to 40 cents a share—one of the oldest dodges in the game.

To those who are not attracted by Tungsten stock, the kind promoter offers assortments of oil, gold mining, and coöperative farming stock. All of these, he assures us, are "safe as Government bonds," and earn profit reaching into the hundreds of per cent. Being on a "sucker list" is a merry game, and to the experienced, it is one of the best of indoor sports. But the pity of it is that to those who do not understand the pitfalls set for them, the "sucker list" is a financial wild beast.

Investment and Miscellaneous Securities

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 60 Broadway, New York.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	290
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	167	175
Beech Creek (N. Y. Central)	92½	97
Boston & Lowell (B. & M.)	204	...
Boston & Albany (N. Y. Cen.)	211	216
Boston & Providence (Old Colony)	290	297
Broadway & 7th Av. R. R. Co. (Met. St Ry. Co.)	160	165
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Cayuga & Susquehanna (D.L.&W.)	208	215
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	167¼	169
Cleveland & Pittsburg Betterment	97½	99½
Columbus & Xenia	203	207
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	150	...
Conn. River (B. & M.)	250	265
Dayton & Mich. pfd. (C. H. & D.)	120	..
Delaware & Bound B. (Phila.&R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	93	98
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	300	...
Elmira & Williamsport pfd. (Nor. Cen.)	100	110
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	134	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	133
Franklin Tel. Co. (West. Union)	40	50
Forty-second St. & G. St. R. R. (Met. St. Ry.)	260	280
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	265	270
Gold & Stock Tel. Co. (W. U.)	118	124
Grand River Valley (Mich. Cent.)	112	125
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	93	96
Jackson, Lans. & Saginaw (M. C.)	80	87
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	75	80
K. C., St. L. & C. pfd. (Chic. & Al.)	105	125
Little Miami (Penn. R. R.)	205	210
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	80½	88
Morris & Essex (Del. Lack. & W.)	171	175
Nashville & Decatur (L. & N.)	185	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	118
N. Y. & Harlem (C. & P.)	325	355
N. Y. & Harlem (N. Y. Central)	325	355
N. Y. L. & Western (D. L. & W.)	121	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	...
North Carolina R. R. (So. Ry.)	160	170
North Pennsylvania (Phila. & R.)	193	...
North R. R. of N. J. (Erie R. R.)	82	90
Northwestern Telegraph (W. U.)	113	124
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	210	...
Old Colony (N. Y., N. H. & H.)	175	180
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	63	65
Peoria & Bureau Val. (C.R.I.&P.)	172	182
Pitts. B. & L. (B. L. E. & C. Co.)	60	68
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	170
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts., McKeesport. McW'port & Y. (P. & L. E. M. S.)	125	...
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	191
Rome, Watertown & O. (N.Y.Cen.)	121	...
Saratoga & Schenectady (D. & H.)	160	170
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	92	97
Sixth Av. R. R. (Met. S. R. Co.)	110	120
Southwestern R. R. (Cent. of Ga.)	108	112
Troy & Greenbush (N. Y. Cent.)	160	168
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	142	148
United N. J. & Canal Co. (Pa.R.R.)	237	241
Valley of New York (D., L. & W.)	117	122
Warren R. R. Co. (D., L. & W.)	164	170

MISCELLANEOUS SECURITIES.

Quoted by J. K Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	140	150
American Brass	133	138
American Chicle Com.	205	210
American Chicle Pfd.	100	103
American Express	162	167
Atlas Portland Cement Com.	45	60
Autosales Gum & Chocolate	29	34
Babcock & Wilcox	102¾	104
Borden's Condensed Milk Com.	119½	121
Borden's Condensed Milk Pfd.	106½	108
Bush Terminal	60	75
Childs Restaurant Co. Com.	178	188
Childs Restaurant Co. Pfd.	111	114
Computing-Tabulating-Recording	..	43½
Del., Lack. & Western Coal	380	390
E. I. du Pont Powder Com.	182	187
E. I. du Pont Powder Pfd.	96	99
General Baking Co. Com.	18	26
General Baking Co. Pfd.	68	75
Gray National Telautograph	6	10
Hudson Companies Pfd.	20	32
Hudson & Manhattan Com.	5	11
Hudson & Manhattan Pfd.	11	18
International Nickel Com.	143	145
International Nickel Pfd.	105½	107½
International Silver Pfd.	130	137
Kings Co. E. L. & P.	122	126
New Jersey Zinc	500	600
Otis Elevator Com.	79	82
Otis Elevator Pfd.	98	102
Phelps, Dodge & Co.	215	220
Pope Mfg. Com. (New)	33½	36
Pope Mfg. Pfd. (New)	78	80
Royal Baking Powder Com.	200	210
Royal Baking Powder Pfd.	106	108
Rubber Goods Mfg. Pfd.	104	110
Safety Car Heating & Lighting	113	115½
Sen Sen Chiclet	119	123
Singer Mfg.	310	325
Standard Coupler Com.	35	42
Texas & Pacific Coal	97	102
Union Typewriter Com.	33	36
Union Typewriter 1st Pfd.	103	106
Union Typewriter 2d Pfd.	98	102
U. S. Express	62	65
Virginian Railway	16	20
Wells Fargo Express	118	122
Western Pacific	9	10

A Campaign of Popular Thrift Education

How the Savings Bank Section of the American Bankers' Association is Trying to Stem the Tide of Extravagance in this Country

BY E. G. MCWILLIAM, SECRETARY SAVINGS BANK SECTION, AMERICAN BANKERS' ASSOCIATION.

WE are a nation of spenders, and those who boast of our thrift as evidenced by the large amount of savings deposits, and the size of the average savings bank account in this country, which is by far the largest in the world, are deluding themselves, like the frog in the well, by a limited vision. What if we have over seventeen millions of saving depositors whose savings aggregate over six billions of dollars? What are the rest of us doing with our money?

A nation's thrift should not be measured by the amount of its savings deposits or the size of the average savings bank account, but rather by its *number of savings depositors* in ratio to its population, and measured by this standard, in comparison with our sister republic, France, for instance, we are positively a thriftless lot, taken as a whole. Our good New England brothers will cry out at this statement, pointing to the fact that in Massachusetts the statistics show almost every other person to have a savings account, while in the great State of New York it is claimed that one in every four is so blessed; but when the statistics of the whole country are analyzed, it is found that our percentage of savings depositors, including those in all classes of financial institutions accepting such accounts, is but a little over eighteen per cent. against nearly thirty-five per cent. in France.

Feeling a direct responsibility in this matter as a chief exponent of thrift, the Savings Bank Section, American Bankers' Association, is organizing a campaign of education among the people of the United States for the purpose of increasing thrift and curtailing extravagance, the latter being recognized as one of our most besetting sins.

Realizing that such an undertaking in order to be even in a measure successful must be attacked in a thoroughly systematic way, it was decided to proceed through the vice-presidents of the Savings Bank Section, of which there is one in every State. Each vice-president has been asked to organize a committee to carry on the work in his State, if possible securing the coöperation of the State savings banks' association, or State bankers' association, and already an active interest is being manifested in each of the following States:

Arizona, Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Kentucky, Maryland, Missouri, New Jersey, New York, North Carolina, North Dakota, Ohio, South Carolina, Tennessee, Texas, Washington and Wisconsin.

As to the methods to be pursued, it has been suggested that in all States the start be made by seeking the establishment of the school savings system, wherever practical, believing that no better start can be made than with the children, and that there is no better

way for them to learn thrift than by practising it. The committee is then suggesting educational advertising either by individual banks or communities, pamphlets, lectures by bank men, and, in short, anything which, in the opinion of the State committees, will prove an effective channel for directing thought toward thrift and the curtailment of extravagance.

The Methods and Systems Committee of the Savings Bank Section having this great work in charge is composed of V. A. Lersner, assistant cashier Williamsburgh Savings Bank, Brooklyn, chairman; J. C. Griswold, secretary Excelsior Savings Bank, New York city, and W. R. Meakle, secretary Paterson Savings Institution, Paterson, New Jersey, who are giving their best thought to its direction.

The results of this work may not be apparent for years. No quick growth is a permanent one, and the object of this campaign is not to create a mushroom growth in the deposits of any one bank or group of banks, but rather to improve the underlying economic conditions of our country by increasing its thrift. Of course the far-seeing bankers who are interested in this movement feel that eventually it will stimulate the growth of their banks in a steady and lasting manner, together with all other aids to thrift; but strange as it may seem in this grasping age, the motives prompting these men to give their thought and time to this work, are purely unselfish and patriotic. For this reason, they deserve the coöperation of every banker in the United States.

Let the savings bankers, especially, exhibit a degree of coöperation in this matter which shall once and for all establish in the minds of the people the fact that in bidding for their savings deposits these banks realize the seriousness of their obligation, which entails not merely the return of said deposits with interest, but the aiding of the depositor to better things through a human interest in his welfare.

THE ANTWERP GAZI

VOL. NO. XXXIX. No. 20 ANTWERP, JEFFERSON COUNTY, NEW YORK, JANUARY 8, 1913

First National Bank
GOUVERNEUR, NEW YORK

Post-Office Ruling To Be Enforced

WANT HIGHWAY IMPROVED

The Gravel Road from Antwerp to Rossie.

RESTORING LERAY MANSION

MRS. BENJAMIN F. BUTLER PASSES AWAY.

TALKS ON THRIFT

HOW PAPERS ARE USING THE THRIFT TALKS

As part of this campaign of thrift education, as described by Mr. McWilliam, the Savings Bank Section is sending out for free publication as editorial matter in daily and weekly newspapers a series of "Talks on Thrift"

prepared by T. D. MacGregor, editor of this department of THE BANKERS MAGAZINE. These articles are sent to the newspapers in proof form and are about half a column in length. They are planned to appear once a week, a month's supply being sent at a time. Banks are urged to do special advertising in their local newspapers while this campaign is on, especially in the newspapers which are printing the thrift articles, samples of which follow:

TALKS ON THRIFT

NO 1.—IS EXTRAVAGANCE A NATIONAL TRAIT?

"Save, young man, and become respectable and respected. It is the surest way."—Benjamin Franklin.

The Savings Bank Section of the American Bankers Association, representing about 2100 savings banks and banks with savings departments in the United States, believes that as a people we are becoming too extravagant and it has entered upon an educational campaign to interest the citizens of our country in the great individual and national advantages of thrift and systematic saving.

It is claimed, and we believe with good reason, that as a nation we have departed far from the old-fashioned ideas of economy for which the American people formerly were noted. It is quite possible, as no less an authority than James J. Hill, the railroad empire-builder, has stated, that it is the cost of high living that is bothering us at present, quite as much as the high cost of living.

Another prominent financier is authority for the statement that we are living in an age of financial delirium, and that lavish expenditure has now grown to be a national trait.

Extravagance causes financial ills in the nation, but its effect on individual citizens is of primary importance, because no nation can be more prosperous than its people.

In the early history of our country, the precepts and proverbs of "Poor Richard," a sample of which appears at the head of this article, were widely read and constantly quoted. More than that, they were acted upon very generally, with the result that a positive and beneficial influence was exerted on the character and habits of the people at large. It would be impossible to estimate the vast aggregate of thrift arising from the widespread promulgation of these ideas. As a national asset, this spirit was invaluable and its total loss would work irreparable injury.

This newspaper is in hearty sympathy with the effort the savings bank men are making to bring about a better realization of the present day importance of saving. To help along the good work in this community, we will devote some space every week to practical talks on this vital subject. We especially commend these articles to the attention of our younger readers—to young men and women starting out in their business career or establishing a home.

How to succeed, how to get on in the world—that is the problem that millions of earnest men and women are striving to solve, each in his own way, but all, consciously or unconsciously, observing the same general principles.

There is nothing in such an effort at variance with the highest moral standards. In fact, the zealous pursuit of such an object has a beneficial reflex action upon the character, as it has upon the physical and mental nature.

One purpose of our Thrift Talks will be to set down the results of experience and observation touching the best methods for making material progress as the result of one's own efforts, consequently in these articles, we will not only point out the folly of extravagant living in general and the danger of unwise investments in particular, but we will also put special emphasis upon the practical wisdom of systematic saving from income, and hope to show clearly the wonderful power of stored-up money when put at work under the right conditions.

We suggest that our readers watch for these articles, read them, cut them out and preserve them for future reference. They will be interesting and helpful to all earnest people.

TALKS ON THRIFT

NO. 2.—WHAT SAVINGS BANKS ARE

"If a man does not provide for his children, if he does not provide for all who are dependent upon him, and if he has not that vision of conditions to come and that care for the days that have not yet dawned, which we sum up in the whole idea of thrift and saving, then he has not opened his eyes to any adequate conception of human life. We are in this world to provide not for ourselves alone, but for others, and that is the basis of economy. So that economy and everything which ministers to economy supplies the foundations of national life."—President-elect Woodrow Wilson.

Inasmuch as a savings bank account is one of the greatest possible aids to regular and systematic saving, this second of our series of articles on thrift and getting on

in the world will be taken up largely with a brief consideration of the various kinds of savings banks, or institutions authorized to accept the savings of the people on deposit.

First of all, comes the mutual savings bank which is one conducted solely for the benefit of its depositors, who receive in the form of interest all profits over and above necessary expenses and a moderate part of the profits set aside in a surplus fund to provide for unexpected losses or expenses. A bank of this kind has no capital stock whatever.

A stock savings bank is one organized with a capital stock and the stockholders receive in dividends the profits over and above the interest paid on deposits.

Both these kinds of savings banks are subject to many restrictions, imposed by the State banking authorities, as to the character of their investments and the collateral security upon which they may loan.

In the State of Massachusetts there is a system of credit unions and mutual savings banks which include life insurance and old age annuity features.

Some states have no savings banks at all, but authorize other banks and trust companies to operate savings or "interest" departments. In such cases, the savings depositors' money is safeguarded by the general assets of the institution and the features of safety which protect the commercial bank depositors.

Building and Loan Associations, which are to be found everywhere, are also to be considered as savings institutions. Primarily they are for the purpose of helping thrifty people ambitious to own their own homes, but as the association must have money to lend home builders, it accepts deposits from others, paying less interest on deposits than it receives from borrowers. These associations come under the supervision of the Banking Departments of the various states.

The Government has also established a Postal Savings Bank, which is proving successful, especially in places where there are no savings banks. The postal savings bank pays only about half as much interest as the regular savings banks, which are to all intents and purposes just as safe as the Government.

In general, a good definition of a savings bank is, a bank of deposit the depositors in which have a mutual interest in the profits of the institution; in other words, an institution for receiving and investing savings, which pays interest on deposits at stated intervals, the interest depending as to rate, on the bank's profit from investing the deposits.

A savings bank account in any safe institution for several reasons, is a positive aid to thrift. When you have a savings account and a pass-book at the bank you feel that you owe that account something and you will easily get into the habit of setting aside part of your income for it regularly just as you provide for meeting your weekly or monthly obligations to the grocer, the butcher or the landlord. Then the really worth-while interest earned by your money on deposit provides an additional incentive towards making the account grow as fast as possible. Moreover, as the account increases in size and your mind is at rest concerning both the safety of your money and your own future, you are able to do more and better work in your daily occupation. Additional benefits are the reflex effect on your own character and the very tangible advantage of having a sum of money at your instant command in case of emergency or opportunity.

But perhaps the greatest benefit of a savings bank account is the provision for the comfort of those dependent upon us as so eloquently stated by President-elect Wilson in the quotation at the beginning of this article. This is something that every true husband and father must consider.

TALKS ON THRIFT

NO. 4.—THE GET-RICH QUICK FOLLY

> "If it were possible for me to double the income of all our employees, the good I could do in that way would be less than if I could imbue them with an earnest desire and purpose to save and invest their money."—Henry L. Doherty, New York.

Saving and investment go hand-in-hand, but unfortunately, persons who are good savers are not always good investors. In fact, it is quite generally true that the greatest financial risks are taken by those who can least afford to lose money.

It is estimated by the Post Office Department that the total loss to people of the United States by fraudulent financial advertising through the mails has been upwards of $100,000,000 a year for a long time. Probably the amount will not be so great from now on, as the Government has become very watchful and strict, but a warning on this subject is still necessary, as the schemers are clever, and it often takes the Government a long time to "get them right," as the saying is.

A few months ago the Federal authorities secured the indictment and arrest of the officers of a real estate company in New York, which had been selling six per cent. bonds supposedly backed by good real estate. The bonds proved to be practically worthless and investors lost $475,000.

Last year witnessed the conviction by the

Government, for advertising frauds through the mails, of such notorious fakers as George Graham Rice, who sold mining stocks, and was recently released from a year's imprisonment; Burr Brothers, who had promoted more than one hundred companies without making good on any of them, and Christopher Columbus Wilson, who sold a wireless telegraph company stock at $40, worth 40 cents. He died in the Federal prison at Atlanta.

Such schemes are absolutely dependent upon the mail privilege. When that is taken away from them, they cannot reach the "suckers," as these gentry call the misled people who "invest" in their worthless propositions. So the Government has a powerful weapon to use against such schemers. But these crooks are not easily discouraged. When thwarted in one scheme they immediately try another, and the so-called "sucker lists" of persons who have "bitten" on such fraudulent propositions as fake mines, oil wells, new world-beating inventions and worthless real estate, are sold time and time again by promoters to others of their ilk.

For the great majority of us, the only sure way to get ahead financially is to work industriously, save systematically, and when it comes to a point where we are ready to make an investment, consult somebody of recognized knowledge and dependability in such matters.

We sincerely believe that for a small sum there is no better investment in the country than a savings bank account and that no one makes a mistake in leaving his surplus money there until he has better use for it. Stick to your savings account until you have accumulated something worth while to invest. Then consult somebody you can depend upon in regard to its permanent investment.

As we have pointed out, some "investments" offer little chance of the investor getting his money back. Even with legitimate investments, it is often hard to get your money back quickly. While you may not often feel like drawing upon your savings in the bank, it is quite a comfortable feeling to know that you can get at your money quickly in case of need.

There is no other investment where one can get at his money so quickly as in a savings account, it being only under the most extraordinary circumstances that there is ever any difficulty whatever in a savings depositor's getting his money when he wants to draw it out of the bank.

When you have saved sufficient money to make an investment worth while, consult a banker or newspaper in your community, and above all things, DON'T BE A SUCKER!

Savings bank men will readily see the advantage of having such articles as these appearing regularly in their local newspaper. It may be that some missionary work on the part of the bankers will be necessary to induce the editor to use this matter for free publication as he shies at anything that looks like "press agency." It will have to be explained to him that the savings bank men have no personal axe to grind in this matter, and that publishing the articles will help the newspaper to get and hold more paid bank advertising.

If you can interest your local editor, ask him to write to Mr. E. G. McWilliam, secretary Savings Bank Section, the American Bankers' Association, 5 Nassau street, New York, and his paper will be placed on the list to receive this editorial matter on the subject of thrift week after week, free of charge.

Seasonable Matter

Christmas and New Year's Greetings, Calendars, Etc.

THE National City Bank of New Rochelle, N. Y., Henry M. Lester, president, is a progressive advertiser, and it takes special advantage of the holiday season to call itself favorably to the attention of the public. This bank gave away some valuable souvenirs. Male depositors received aluminum key chainlettes with identification numbers, while the ladies were given fine leather coin purses. The form letter accompanying the latter gift read as follows:

It has been our pleasure during the present year to serve a largely increased number of women depositors, and I hope acceptably. We are planning for fully as good if not better service during 1913 and will at any time be glad to receive suggestions from you as to how your bank may be more efficient, especially to the women depositors.

As a reminder of your bank, may I ask you to accept and use the enclosed coin purse and I hope it may be a practical and useful companion.

When the opportunity offers, it would be very helpful if you would speak a good word for the bank to your friends and

neighbors, especially those who are seeking a bank connection.

Hoping that the New Year may be one of prosperity to you, I remain,

Very truly yours,

Henry M. Lester, President.

Mr. Lester seems to have quite a "drag" with the local press, as the newspaper men called and inspected the fine assortment of 1913 art calendars which the bank was about to give out, and then wrote up the display and the bank to the tune of a column or more.

The American National Bank of Pensacola, Fla., and the Fourth National Bank of Atlanta, Ga., being Southern institutions, ornament their holiday greeting cards with the brilliant poinsettia. The First National Bank of Brooklyn and the Fidelity Title & Trust Company of Pittsburgh were among the banks which gave away leather pocket memorandum diaries for 1913. Among others sending out particularly noteworthy Christmas and New Year's matter were: The National Bank of Commerce, Williamson, W. Va.; the Continental and Commercial Trust & Savings Bank, Chicago; the Federal Title & Trust Company, Beaver Falls, Pa.; the Merchants National Bank, New York; the German National Bank, Beloit, Kans.; the National State & City Bank, Richmond, Va.; the Citizens National Bank, Raleigh, N. C.; the First Bank & Trust Company, Cairo, Ill.; the Exchange National Bank of Pittsburgh; the National City Bank, Chicago; the Seattle National Bank of Seattle, Wash.; the old National Bank of Spokane, Wash.; the International Trust Company, Denver, Colo.; the Savings Union Bank & Trust Company, San Francisco, Cal.; the Mississippi Valley Trust Company, St. Louis; Marwick, Mitchell, Peat & Company, New York; the Bank of California, National Association, San Francisco, and the West End Savings Bank and Trust Company, Pittsburgh.

Progressive Advertising

A New Haven Bank Believes in Printer's Ink—Both in Newspapers and Form Letters

WE are pleased to reproduce herewith three sample advertisements from a series occupying space of sixty-five lines by three columns several times a week in the New Haven (Conn.) newspapers.

These advertisements are part of a strong campaign of publicity which is being conducted by the Mechanics Bank in that progressive New England city by President William H. Douglass and Cashier Frank B. Frisbie.

It is real, live, virile copy in these advertisements. There is an atmosphere of sincerity and conviction about them that is not always found in bank advertisements. They have the true ring. Typographically also there is really nothing left to be desired, as there is excellent display and the simplicity of arrangement makes it easy to read the advertisements.

Since Mr. Douglass took hold of the bank a little over five years ago, the deposits of the institution have increased from $900,000 to $1,700,000, while the surplus and undivided profit account has grown from $86,000 to $300,000.

No more striking proof of the aggressive spirit of this bank and its fundamental fitness to serve the business community well is needed than this fine record of growth in the past few years.

A personal visit to this bank is rewarding because of the general air of courtesy and optimism which is very noticeable in the institution.

This same spirit is reflected in the newspaper advertisements and also in the form soliciting letters, a few of which we reproduce as models for other banks:

Letter No. 1.

Are you receiving the proper service and assistance from your bank?

Is every detail of your banking business being handled in a way that is perfectly satisfactory to you?

The Mechanics Bank has every facility for attending to your wants properly and promptly. Our splendid building and central location offers you every convenience.

You may always feel free to consult with our officers at any time about any financial problem.

Between our depositors and ourselves exists an intimate, personal bond of confidence and co-operation. Many of our customers have told us that this individual service has played an important part in their business success. We aim to be genuinely helpful—even beyond the mere routine of ordinary banking courtesy.

This service we place at your disposal. Backed by the ample security and complete facilities of The Mechanics Bank, it is worth your careful consideration.

If you are thinking of changing or enlarging your banking connections, Mr. Frisbie or I would be very glad indeed to talk it over with you.

Yours very truly,
THE MECHANICS BANK,
W. H. Douglass, President.

P. S.: We maintain a special Department and Service for ladies.

Letter No. 2.

I wonder what feature of a bank's service you consider most important.

Prompt, personal, courteous attention to your interests by every officer and employee.

Do you know of anything more important than that?

You want, of course, perfect safety for your funds. The Mechanics Bank is strong and secure. It is also centrally located and excellently equipped.

But, above all, the feature of our service which will appeal to you most is the close cordial relation existing between our depositors and our officers and employees.

You will never encounter any unnecessary delays in transacting business with us. There is no useless "red tape"—no stiff, unbending formality.

We especially pride ourselves upon the promptness with which we pass upon loans. Such applications are passed upon immediately but carefully. We never depart from safe banking methods, but liberality and courtesy are always our unfailing aims.

If you will make inquiries among our depositors, you will find why it will be to your advantage to open an account with us. Mr. Frisbie or I will be pleased to discuss the matter with you at any time, if you are thinking of changing or enlarging your banking facilities.

Yours very truly,
THE MECHANICS BANK,
W. H. Douglass, President.

P. S.: We maintain a special Department and Service for Ladies.

Safety

The surplus of the Mechanics Bank is now in excess of its capital. This entitles it to a place on the Honor Roll—a distinction achieved by comparatively few banks throughout the country.

This fact emphasizes the strength and security of The Mechanics Bank as a depository for your funds.

Interest paid on Time Certificates of Deposit

THE MECHANICS BANK
72 Church Street (Next to Postoffice)

We believe in New Haven—her men and her mills, her stores and her spirit

We are proud of her past achievements. We have confidence in her present prosperity. We believe in her greater future. We feel that nothing can stand in the way of her commercial advancement and progress.

This is the spirit in which we serve New Haven business men.

THE MECHANICS BANK
72 Church Street (Next to Postoffice)

Growth

Each month shows a gain in the amount entrusted to our safe-keeping. We continue to open many new accounts every week.

A steadily increasing number of New Haven business men and women are realizing the value of the intimate helpful relations which exist between our customers and ourselves.

We should be glad to have you join them.

Special Department and Services for Ladies

THE MECHANICS BANK
72 Church Street (Next to Postoffice)

CLEAR AND TO THE POINT

LETTER No. 3.

Dear Sir:

There are many reasons why you should make The Mechanics Bank YOUR bank.

Let me point out to you just a few of these reasons.

First of all—Safety. For eighty-eight years this bank has safeguarded its depositors. Its record is absolutely sound. Its management is in the hands of successful, well-known New Haven business men.

The central location and superb equipment of our modern building are also important advantages for you to consider.

But I wish to emphasize chiefly the Service which we are able to render you.

Promptness, careful attention to even the minutest details of banking service, liberality, courtesy—these sum up the reasons why your banking relations with us will be pleasant and satisfactory.

We are fully equipped to render you the financial assistance and counsel which is your due. This service will not be given you grudgingly or half-heartedly—but willingly and whole-heartedly.

If you have any banking problems, come in and talk them over with Mr. Frisbie or myself. Perhaps we may be of assistance to you.

Yours very truly,
THE MECHANICS BANK,
W. H. DOUGLASS, President

P. S.: We maintain a special Department and Service for ladies.

How Banks Are Advertising

Note and Comment on Current Financial Publicity

THE Windsor Trust Company, New York, Howard M. Jefferson, secretary and treasurer, issued a card with a parcel post rate map and schedule. This was the first instance that came to our notice of a bank's taking advertising advantage of popular interest in this new branch of postal service. The American National Bank of Richmond, Va., is sending out the card reproduced on another page to banks, merchants, planters and other users of the Parcel Post all over Virginia and the South. This is very commendable advertising enterprise on the part of the bank. The copy of the newspaper advertisment referring to the placard reads as follows:

Let us give you the parcel post rules which we have printed in placard form for your use. These placards have been prepared for your convenience and are being distributed in our lobby. Ask for one. If you cannot call at our bank, send a postal with your name and address and we will be glad to mail you one. Learn the rates and use the parcel post. This system is planned for your accommodation, as is our every facility.

THE AMERICAN NATIONAL BANK

Richmond, Virginia

We have received from the last mentioned bank an album folder containing two dozen very fine views of Richmond. Included in these are the Capitol Square statue of Stonewall Jackson, Libby prison, conflagration of Richmond during the evacuation of the city by the Confederates, Confederate White House, equestrian statues of General Lee and General J. E. B. Stuart, also a view of the Capitol, Jeff Davis monument and a number of views of notable old mansions, modern clubs, hotels, residences, churches, cemeteries, etc. Altogether, it is a very valuable historical collection.

Mr. G. Sherman Collins, vice-president and cashier of the First National Bank of Alger County, Munising, Mich., sends us for criticism a full-page advertisement of his institution which appeared in a local newspaper. We reproduce the advertisement herewith. While each of the little essays making up this advertisement is all right in itself, and the matter is neatly and symmetrically set up, we think it could

PARCEL POST RULES AND RATES

DOMESTIC PARCEL POST

The parcel post law, effective January 1, 1913, provides:

"That hereafter fourth-class mail matter shall embrace all other matter, including farm and factory products, not now embraced by law in either the first, second, or third class, not exceeding eleven pounds in weight, nor greater in size than seventy-two inches in length and girth combined, nor in form or kind likely to injure the person of any postal employee or damage the mail equipment or other mail matter and not of a character perishable within a period reasonably required for transportation and delivery."

For the purpose of carrying this law into effect the United States is divided into zones with different rates of postage applicable to each, as follows:

Weight.	1st zone.		2nd zone, 50 to 150 miles.	3rd zone, 150 to 300 miles.	4th zone, 300 to 600 miles.	5th zone, 600 to 1,000 miles.	6th zone, 1,000-1,400 miles.	7th zone, 1,400-1,800 miles.	8th zone, all over 1,800 miles
	Local rate.	Zone rate, 50 miles.	*Rate.*	*Rate.*	*Rate.*	*Rate.*	*Rate.*	*Rate.*	*Rate.*
1 pound	$0.05	$0.05	$0.06	$0.07	$0.08	$0.09	$0.10	$0.11	$0.12
2 pounds	.06	.08	.10	.12	.14	.16	.19	.21	.24
3 pounds	.07	.11	.14	.17	.20	.23	.28	.31	.36
4 pounds	.08	.14	.18	.22	.26	.30	.37	.41	.48
5 pounds	.09	.17	.22	.27	.32	.37	.46	.51	.60
6 pounds	.10	.20	.26	.32	.38	.44	.55	.61	.72
7 pounds	.11	.23	.30	.37	.44	.51	.64	.71	.84
8 pounds	.12	.26	.34	.42	.50	.58	.73	.81	.96
9 pounds	.13	.29	.38	.47	.56	.65	.82	.91	1.08
10 pounds	.14	.32	.42	.52	.62	.72	.91	1.01	1.20
11 pounds	.15	.35	.46	.57	.68	.79	1.00	1.11	1.32

The local rate is applicable to parcels intended for delivery at the office of mailing or on a rural route starting therefrom.

It will be observed that the rates of postage are largely reduced, and that the limit of weight is increased from four to eleven pounds. Parcels will be delivered at all free delivery offices and to patrons residing on rural and star routes; they may be accorded special delivery service on payment of the usual fees, and they may be insured against loss in an amount equivalent to their actual value, but not to exceed $50.00, upon payment of a fee of 10 cents IN PARCEL POST STAMPS, same to be affixed. PARCEL POST STAMPS MUST BE USED ON ALL PARCELS, as ordinary postage stamps will not be recognized. Parcels may be mailed in quantities of not less than 2,000 identical pieces without stamps affixed, the postage being paid in money.

FOREIGN PARCEL POST

Parcels weighing 11 pounds, or less, which do not exceed 3½ feet in length and 6 feet in length and girth combined, can be sent to any of the following countries by Parcel Post at the rate of 12 cents per pound or fraction thereof:

Africa (German offices)
Australia
Austria
Bahamas
Barbados
Belgium
Bermuda
Bolivia
Brazil
British Guiana
Chile
Colombia
Costa Rica
Danish West Indies
Denmark
Dominican Republic
Dutch Guiana
Dutch West Indies
Ecuador
Faroe Islands
France
Germany
Great Britain
Guatemala
Haiti
Honduras
Hong Kong
Hungary
Iceland
Ireland
Italy
Jamaica
Japan
Korea
Leeward Islands
Netherlands
Newfoundland
New Zealand
Nicaragua
Norway
Ottoman Empire (Austrian offices)
Ottoman Empire (Italian offices)
Panama
Peru
Salvador
Sweden
Turkey (Austrian offices)
Trinidad
Uruguay
Venezuela
Windward Islands

Parcels for Mexico must not exceed 4 pounds 6 ounces, except to some of the larger postoffices, to which 11 pounds may be sent.

Parcels may be sent to Colombia, but must not exceed 2 feet in length and 4 feet in girth.

WHEREVER YOU LIVE

Our plan of BANKING BY MAIL makes it possible for YOU to keep YOUR account in RICHMOND, the strong financial center of this section, where, in The American National Bank, YOUR money is under the supervision of the United States Government. Send it to us by registered mail. It will be in Uncle Sam's care from the time it leaves YOU until it reaches US. Uncle Sam himself is our SUPERVISOR. In asking you to use in any measure our facilities, we are giving you HIS GUARANTEE. Write for booklet "HOW TO BANK."

SECURITY
SERVICE
SAVINGS

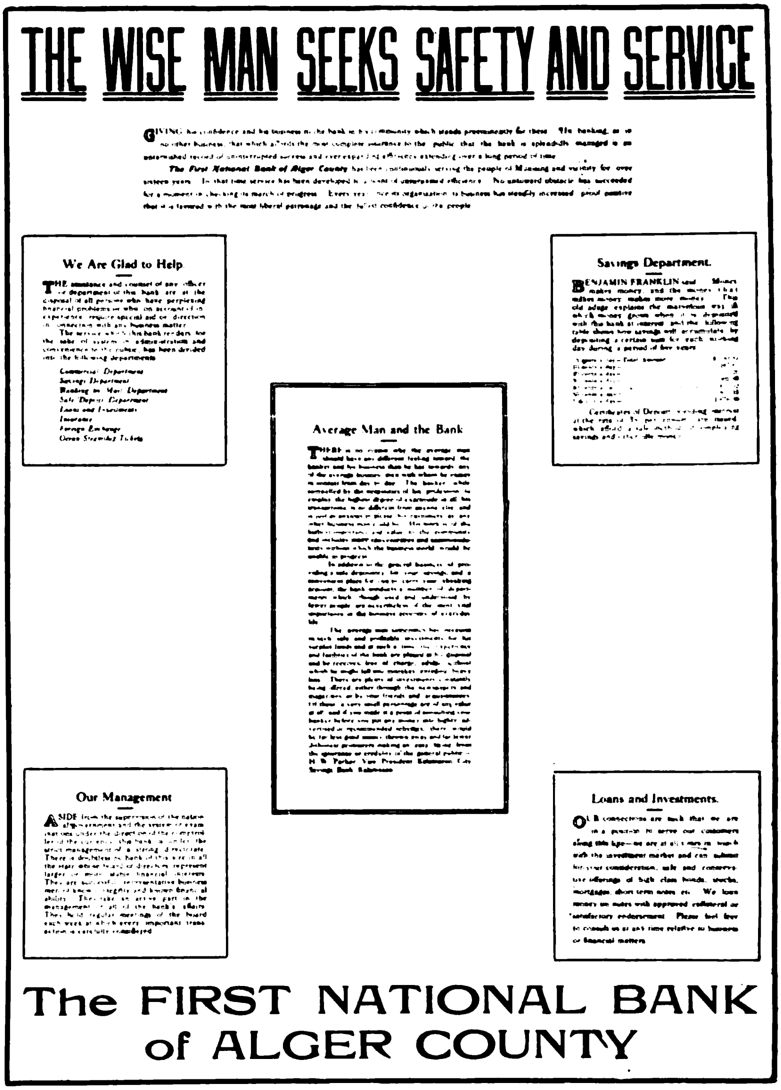
"It Proves Itself" !

COMPLIMENTS OF THE

AMERICAN NATIONAL BANK

A BANK THAT WAS "ON THE JOB."

have been more effectively arranged. The lines of type in the opening paragraph are too long, and there is too much blank space in the advertisement. We recommend that banks getting up full-page newspaper advertisements



TOO MUCH WHITE SPACE

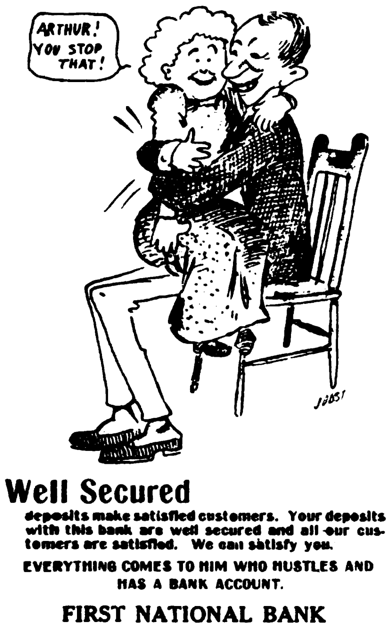
give some study to the way the department stores in large cities make use of their full-page space. This particular advertisement is not a bad example by any means, but the largest room in the world is the room for improvement.

The Guaranty Trust Company of New York has issued a book which describes in a unique and interesting manner, after the fashion of a story, the various functions of a modern trust company. The title of the book, "Mr. Brown's Experience," indicates its style since it relates the experience which Mr. Brown had in making use of the different departments, from the opening of a checking account to the naming of the company as executor under his will. The book has eleven chapters devoted to such subjects as Checking Accounts, Household Accounts, Safeguarding Securities, Money for Travelers, Loans, Foreign Depart-

ment, Collateral Loans, Bond Department and Trustee and Executor. For the convenience of the layman there is also a subject index in which are listed all of the many topics treated. Bound in dark red cloth, with the title in pure white, the book makes a very attractive appearance. Both as a tangible book, and from the nature of its contents, it has a permanent value and, therefore, is especially valuable. Hy. R. Wohlers, President Hemphill's secretary, is the author.

The banker that sent us that "Well Secured" monstrosity, wrote:

"For fear of your missing this good

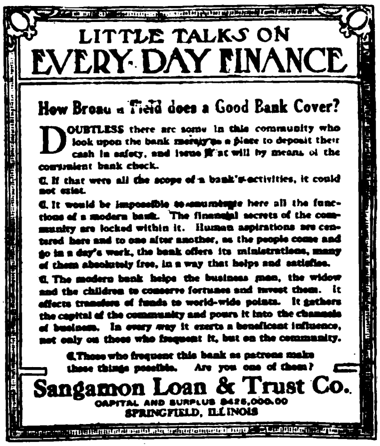


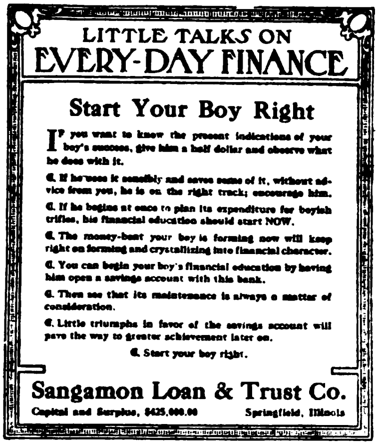
"SOME CLASS" TO THIS

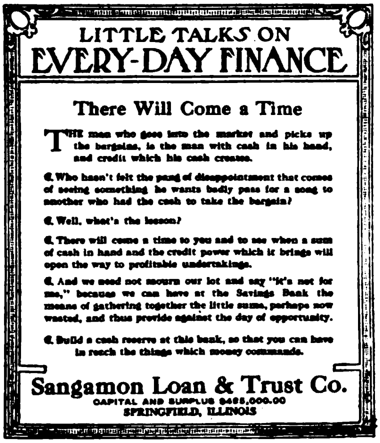
thing, I will send it along for your inspection. No comments necessary."

That's about right and we'll let it go at that.

The Sangamon Loan & Trust Company of Springfield, Ill., is running a series of talks on everyday finance, samples of which are reproduced. These were sent us by H. A. Blodgett of St. Paul, Minn., who also favors us with good booklets he has prepared for



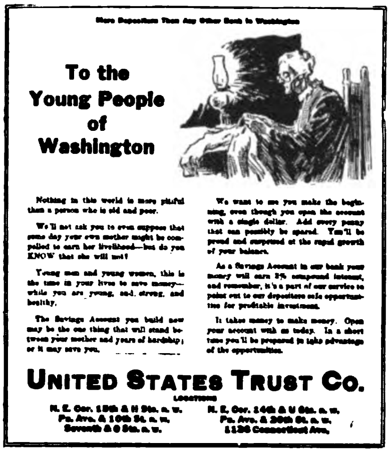




GOOD FORM AND CONTENTS

the First National Bank of Fargo, N. D.; the Commercial National Bank of Waterloo, Iowa; the Dundee State Bank of Dundee, Ill., and a house organ of the Peoples' Trust & Savings Bank, Chicago.

The United States Trust Company of Washington, D. C., is an exponent of the use of human interest copy in advertising. In the reproduced advertisement, an attempt is made to scare young people into the straight and narrow path of thrift. This is all right



A HEART-BREAKER

if it isn't so strong that it has the opposite effect, as in the case of the importunate person who sought some favor of a rich man in his office, only to hear the Crœsus summon his attendant and say to him: "Put this man out, he's breaking my heart."

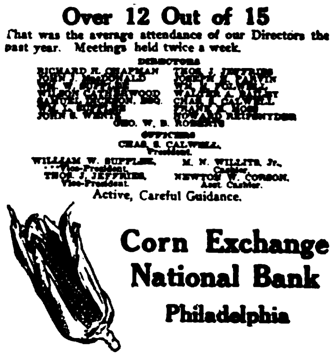
December 11th last was "Bankers' Day" at the luncheon of the Advertising Association of San Francisco. The programmes for the affair were furnished by the Savings Union Bank & Trust Company. Speakers included George N. O'Brien, vice-president of the American National Bank, and Motley H. Flint, vice-president of the Los Angeles Trust & Savings Bank, the latter speaking on "Why a Bank Must Advertise." Mr. Flint said, in part:

I firmly believe that a bank should advertise, and I credit advertising mediums to a very large extent with the building up of the concern that I am with. Statistics show that the banks that advertised last year showed a gain of 21 per cent. in their business, while those that did not had an increase of only 5 per cent. This is the day of the big bank, or strong centralized institutions, of the "survival of the fittest," and these concerns must advertise if they wish to forge ahead of their rivals.

The Women's Department of the Continental & Commercial Trust and Savings Bank of Chicago presents its customers and friends with a dainty collection of blotters, a pleasing feature being the name of the recipient printed on the blotter.

The First National Bank of Chicago sends out a handsome set of blotters to advertise its Department for Ladies, and with it this explanatory card:

The Department for Ladies of The First National Bank is devoted exclusively to their use and to the care of their accounts. The bank, located at the Northwest corner of Monroe and Dearborn streets, is convenient to the shopping district, and affords a pleasant place where they may rest, attend to correspondence, transact their business or meet their friends. A maid is constantly in attendance, and telephone ser-



A SPLENDID RECORD

vice is at hand. New bills and silver are paid out at the window. There is no charge for the care of accounts in this department. Deposits may be made by mail if more convenient. A most cordial invitation is extended to the ladies, as our guests, to use this department and its conveniences whether or not an account is kept in this bank. Vice-President M. D. Witkowsky and Assistant Cashier H. H. Heins (Division B, Ladies' Accounts) will be pleased to open accounts with ladies regularly introduced either by letter or in person. If by letter, form should read about as follows:

First National Bank of Chicago, Chicago, Illinois.

Gentlemen: Below find the signature of ———————— whom I recommend for the purpose of opening an account with you.

Yours truly,————————

Lady's signature ————————

[Address]————————

If in person, the lady should be accompanied by some one with whom we are acquainted.

The Citizens Bank of White Plains, N. Y., in a recent newspaper advertisement, illustrated the convenience of a bank account for the commuter's wife, as follows:

Mrs. White Plains Resident has planned to spend the day in New York, shopping, but finds that her husband has gone to business, forgetting to leave her the money she requires.

She has accounts with two banks—one a local institution and the other a larger, New York City bank.

There isn't much question as to which she draws upon, on this occasion.

She makes out a check on the local bank and either cashes it at the bank itself or some local tradesman obliges her, very willingly.

It is all so convenient.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and other changes.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Windsor Trust Company, New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
Farmers & Mechanics Trust Company, West Chester, Pa.
Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
C. W. Beerbower, National Exchange Bank, Roanoke, Va.
B. P. Gooden, adv. mgr., New Netherland Bank, New York.
J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.
W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.
Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.
B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
Germantown Ave. Bank, Philadelphia, Pa.
J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
Union Trust Co. of the D. C., Washington, D. C.
E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
R. H. Mann, The Federal Trust Co., Bridgeport, Conn.
A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
Dexter Horton National Bank, Seattle, Wash.
Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
Frank K. Houston, Asst. Cashier, Third National Bank, St. Louis, Mo.
L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.
H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.

Anxious to Get on the List.

I would appreciate the favor, if you would add my name to the list of those who are willing to exchange booklets, folders and other bank advertising, which you publish in your Bankers Magazine.

Very truly yours,
L. W. LOVELL, Asst. Cashier,
The Lovell State Bank, Monticello, Iowa.

In future, I will handle the advertising for the Barnett National Bank,—Mr. W. O. Boozer having resigned to accept the position of treasurer of the American Trust Co., of this city, and knowing that he was very materially assisted by advertising copy received from those on your Advertising Exchange list, I am anxious that my name be added to this list.

Thanking you in advance for your kindness, I am,

Yours very truly,
JOHN R. HILL.
Barnett National Bank, Jacksonville, Fla.

I have severed my connection with the Barnett National Bank, of Jacksonville, to accept the treasurership of the American Trust Company, of Jacksonville, and I will very much appreciate it if you will kindly change my address in your Advertising Exchange List to read:

W. O. Boozer, treasurer, American Trust Co., Jacksonville, Florida.

The advertising matter I have received from others on the Exchange List has been very helpful to me, and if you can consistently do so I would like to retain my old position on the list.

Thanking you in advance for your attention to this matter, I am

Yours very truly,
W. O. BOOZER.

Liked to Have Some Cash on Hand

IN some of the college settlements there are penny savings banks for children.

One Saturday a small boy arrived with an important air and withdrew two cents from his account. Monday morning he promptly returned the money.

"So you didn't spend your two cents," observed the worker in charge.

"Oh, no," he replied, "but a fellow just likes to have a little cash on hand over Sunday."—*Harper's Magazine.*

Little Willie's Job

WILLIE was a smart boy and anxious to get on. His first job was in the local bank.

"Well, Willie, my boy," said his uncle to him as they met on the street one day, "how are you getting on in the business? I suppose you'll soon be president of the bank, eh?"

"Yes, uncle," replied Willie. "I'm getting on nicely. I'm already draft clerk."

"Really?" replied his avuncular relative. "A draft clerk? That's very good."

"Yes, uncle," remarked the bright lad. "I open and shut the windows according to order and close the doors after people have left 'em open."—*Kansas City Journal.*

Aram J. Pothier

GOVERNOR OF RHODE ISLAND, AND PRESIDENT OF THE UNION TRUST COMPANY OF PROVIDENCE

FEW men have had a busier or more successful career than Hon. A. J. Pothier, five times elected Governor of Rhode Island, and President of the Union Trust Company of Providence.

Born in the Province of Quebec in 1854, and educated at Nicolet College, he removed with his parents to Woonsocket, R. I., in 1870, and five years later entered the Woonsocket Institution for Savings as a clerk. He has been continuously connected with this bank ever since, and in 1909 was elected vice-president.

Mr. Pothier's official positions have been both numerous and prominent, including membership in the Legislature, Mayor of Woonsocket, Lieutenant-Governor, City Auditor, Commissioner to the Paris Exposition, Member State Board of Education, and Governor of Rhode Island continuously since 1909, having been inaugurated on January 7 last for a term of two years.

Last year Mr. Pothier was elected president of the Union Trust Company of Providence, and a vice-president of the American Bankers' Association.

His interest in business has been active, and he has succeeded in bringing numerous industries to Woonsocket and helped to make it one of the centers for spinning woolen and worsted yarns by the French and Belgian processes. He is treasurer of several companies engaged in the spinning industry.

SAFE DEPOSIT

Modern Methods of Guarding Valuables

IT is a fact not generally known that the trust companies in the United States hold securities, negotiable instruments, titles to property, mortgages and original records representing real or personal property having a face value of over thirty billions of dollars, equal to one-fourth the entire wealth of the nation. These securities and valuables are surrounded with the most modern safeguards, and over one hundred millions of dollars have been expended by the trust companies in the construction or installation of the most perfect safety vaults. The treasure which is guarded against theft, burglary, fire, calamity or any contingency in the safe deposit departments conducted by trust companies is, therefore, greater than any fortune that Crœsus in his wildest imaginations ever conceived.

The most advanced mechanical and electrical devices have been employed to render these massive vaults absolutely proof against every attack. It is only in rural communities and remote towns that the burglar still finds, now and then, some obsolete safe to "crack." He never ventures near any of the trust companies or banks in the larger communities where up-to-date safety methods have been installed. Should the venturesome burglar succeed in passing the many obstacles placed in his path and reach the compartment where stands the big vault, awe-inspiring with its countless bolts, and intricate mechanism, he cah apply his jimmy to any part of the steel only at the imminent risk of setting off various electric alarm bells. These signals are connected with the nearest police station and sound their warning even in the private house of officers of the trust company. In fact, a successful attack upon these modern safety vaults is yet to be recorded. The burglar has given up this field of operations as hopeless. In addition to the time-locks which are always employed in connection with latest safety vaults construction, the steel frame-work is fairly alive with networks of electric wiring so that the least tampering sets off various signals. Wonderful ingenuity has been used in the perfection of lock contrivances which make it absolutely impossible for the expert "safe cracksman" to successfully apply his talents.

A recent compilation of the reports of 1,486 trust companies in the United States shows that they have expended $255,097,000 for construction of safe deposit vaults, banking homes, fixtures and real estate, etc. A large proportion of this represents outlay for modern safety vaults and equipment. A well-known New York expert on bank equipment and construction recently stated that the trust companies in this country have not only erected the strongest and most elegant buildings for their own use, but have appropriated a larger sum of money for safe deposit vaults than any other class of financial or banking institution in the country. This may seem like a broad statement, but one which is credited readily by those who have visited the leading cities of the country and have had opportunity to see the many hundreds of fine, costly buildings erected by trust companies.

The safe deposit department, as conducted in connection with trust companies, first came into prominence after the Civil War when there was a demand for safe places in which to store valuables and securities. It was also a logical outgrowth of the work conducted by the trust department which is called upon to keep wills until the death of the maker, to hold securities deposited as security for the issue of collateral

trust bonds, and to hold mortgages executed by corporations which convey an enormous amount of property in trust to trust companies for the protection of bond and shareholders. The trust company must also have some safe place to keep valuables, securities, original titles, mortgages and records growing out of the administration of estates and trusts of all descriptions. The banking department requires safe storage of cash, checks and negotiable instruments. It was but natural that trust companies should also offer such protective facilities to individuals, business men, corporations and especially to women whether they were patrons of any department or not.

The Baltimore fire and the San Francisco earthquake disaster put the trust companies in those cities to a remarkable test. The results were the subject of comment and discussion throughout the country. In San Francisco it was found that the trust companies withstood the attack of earthquake and flame and that the contents of their vaults were found intact. The city and court records had nearly all been destroyed so that many millions were saved by the trust companies not only in the preservation of securities and valuables, but in saving titles to property, deeds, wills and other records which would have led to endless litigation if the vaults had not proven immune from shock and fire. In Baltimore, the trust companies gave a splendid account of themselves. Every trust company vault was found with contents untouched by the flames. The great Equitable fire in New York was another instance where trust company securities and records were protected.

The trust company, therefore, owes its wonderful popularity as the custodian of wealth exceeding $35,000,000,000, including banking resources, to the fact that it offers in connection with its many other facilities, the safest depositories for valuables of all description, including vaults for storage of bulky valuables.

The security which trust companies offer has attracted all kinds of clients. Among those to visit the safe deposit department are women who deposit rare laces, jewelry, trinkets and odds and ends, some of them worthless, from a financial standpoint, but priceless because of sentimental attachments. Gray-haired men come almost daily to derive pleasure from handling their securities. In the vaults of one Philadelphia trust company there are not less than eight urns containing the ashes of deceased. Engravers and publishers place their steel, copper or electrotype plates in these vaults together with rare manuscripts. All kinds of valuable articles may be found including costly paintings, models or patterns of inventions, silverware, books, etc.

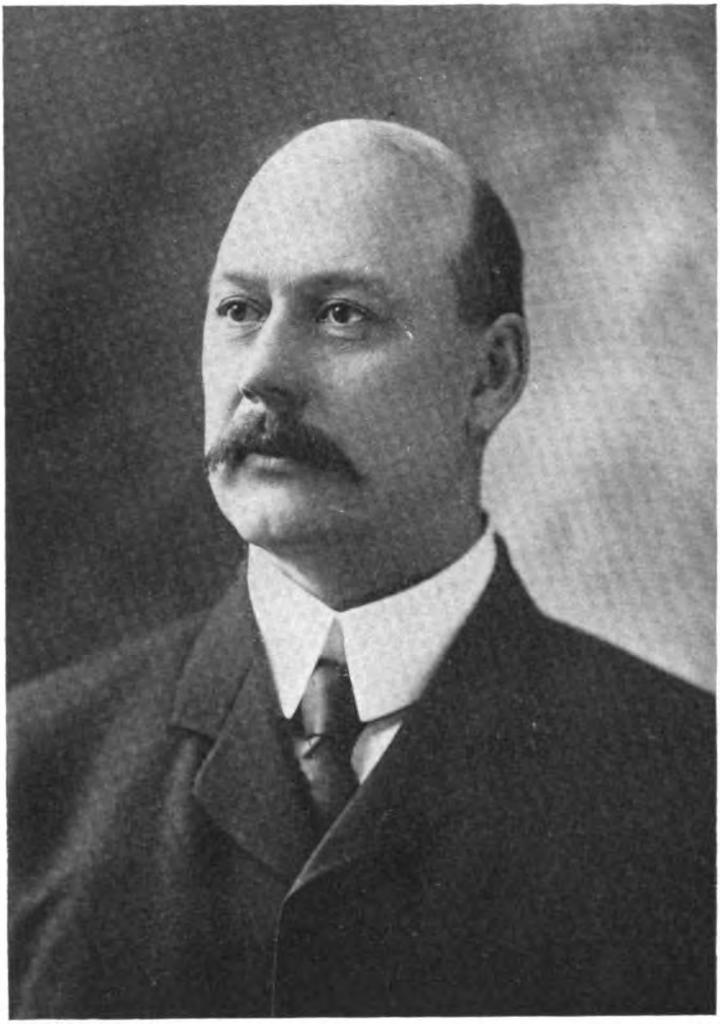
Every well equipped trust company has special compartments in their massive vaults where boxes are rented to individual patrons. These boxes cannot be opened save in the presence of the renter. Every possible safeguard is provided to prevent unauthorized access to such boxes. There are special rooms where owners may have strict privacy. In cases where coupon bonds are deposited, the safe deposit department often agrees to cut coupons as they mature and to hold them for delivery. Many other conveniences are afforded to meet every demand for safekeeping of valuables and records.

Practical Banking Contributions Wanted

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods. systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.



Hon. John W. Weeks

THE NEW UNITED STATES SENATOR FROM MASSACHUSETTS

IN choosing Hon. John W. Weeks as a member of the United States Senate, Massachusetts has conferred high honor on one of the bankers of that State, has rewarded an able and faithful public servant, and preserved the traditions long governing the Commonwealth in the selection of its representatives in the upper legislative body of the Nation.

Mr. Weeks has for many years represented the Twelfth Massachusetts District in the House, where he served on several important committees and won recognition among his colleagues for his able and conscientious devotion to the public service. He was also a member of the National Monetary Commission, and has made a thorough study of our banking and financial problems. His public discussion of those problems contributed greatly to a better understanding of them, and indicated the lines that must be followed in legislation designed to adapt our banking and currency system to present day needs. His careful study of banking questions, united to wide experience as a banker, makes him one of the leading financial authorities of the country. He has been prominently and actively identified with banking as a member of the well-known investment banking-house of Hornblower & Weeks and vice-president of the First National Bank of Boston, connections which he has severed since his election to the Senate.

Banking and Currency Reform

(From the Secretary of the Treasury's Annual Report in the Finances)

ONE of the most important facts in connection with banking and currency legislation is its urgency. As long as our banking and currency system remains as it is the immeasurable disaster of a panic will remain a possibility. The system under which we are living not only will not prevent a panic, but after a certain point in the generation of panic conditions is reached, will make it inevitable. So that, as long as the financial system created by our federal laws remains unchanged and unreformed the Government will be exclusively responsible for the commercial, industrial and social disasters which flow from panics. This responsibility is a fixed one. It is unavoidable; and ought to be frankly recognized and acknowledged. The people are helpless. The character of this responsibility is better understood when it is realized that the effects of financial panics are not at all confined to the banks and the larger business world. A panic such as that of 1907, or a lesser panic, reaches directly or indirectly every town and hamlet of the country, and every family and individual. It nationalizes itself long before it has gone far; and its interruption of the business movements large and small, its fracture of the organization under which commercial and industrial life go on and the resulting social suffering are prolonged into years. These facts intensify the significance of the delays and postponements of the government. A panic is as unnecessary and as avoidable as an epidemic of smallpox. You can have an epidemic of smallpox if you disregard all that science has provided as a preventive. You cannot possibly have an epidemic of smallpox if you will apply the simple means that science has provided. So we will continue to have panics only so long as we refuse to apply the simple preventives which he who runs may read.

Not only does the system established by the present federal laws promote and develop panics, but at all times the country is carrying the needless and heavy burden of an unfit and wholly insufficient banking and currency system. This system never permits entirely free commercial, financial or industrial action at any time; because its liability to sudden constraint and restriction is always a part of the nation's financial consciousness. There never is a time when there is any long look ahead; except when we are in the midst of a panic when there is a long look of disaster ahead. There is never a long look of ease and convenience and prosperity ahead.

This is true even in the quietest periods of the year. And then there always comes, in the crop moving season, a special stress and constraint, which not only affects the imaginations but the actual resources of the banks. The autumnal constrictions are not felt, of course, so severely as those of a painc; but severely enough to make long periods of wholly unnecessary discomfort and apprehension; not to speak of the actual lack of financial facilities legitimately needed by the people and denied by the government.

We have had before us this autumn another object lesson of the urgency of the need of banking and currency relief. This relief which is so urgently needed by the legitimate business and enterprise of our people is not relief from a financial situation built up by the financial world itself, but is from a system and conditions superimposed by the government, and forced upon the business community and upon American society. The banking and currency system is the product of federal law. And there can be no relief from it until Congress acts. And this is why Congressional action is urgent.

Fortunately, the banks have been able unaided to carry on, this autumn, the financial operations necessary to the movement of our vast crops, and at the same time finance the operations of a

general business expansion—even in the face of a European disturbance. This, however, has called out nearly all the resources that were available under our constricting system. And it was at no time certain that the Treasury Department might not be fairly called upon to use its facilities to assist these ordinary business transactions. I should have been sorry to feel it necessary for the Treasury Department to intervene at such a normal period as this. But, of course, it would have assisted if it had become necessary; for the use of the surplus in the Treasury belongs of right to the business operations of the country whenever a real need for it arises. In view, however, of the impotent condition of our bank reserves whenever reserves are seriously needed, it has seemed that the present moderate accumulations in the Treasury might well be held intact for a greater need. The Treasury reserve is the only trustworthy one we have; and until Congress furnishes the nation with another and better reserve it is well to make that of the Treasury as useful and responsible as possible. I think it fortunate that the financial world has been able to finance the enlarged business of the country this autumn without resort to the reserve which the Treasury Department has accumulated. I also think it fortunate that the Treasury has accumulated a reserve to aid in bridging over until the new and urgent legislation is passed, and believe it is of high public importance that such a reserve shall be maintained until a more legitimate one has been provided for by legislation.

This anomalous relation between the Treasury Department and the general financial world is, at the same time, a part of the thing to be reformed. Taking large sums of actual money out of the ordinary financial use and locking it up as a dead mass in the vaults of the Treasury is a proceeding as unscientific and unreasoned as any other part of our unreasoned and unscientific banking and currency system. But until that system is changed so as to provide a trusty system of bank reserves, it seems to me the Treasury Department performs, as incidental to its very bad share in the banking and currency system, some functions as a reserve center which are of very great value. Since, however, the Treasury surplus is not a genuine self-acting reserve, it is desirable that as long as it is not excessive, it shall not be too easily drawn upon and absorbed—not used as long as the ordinary facilities of the money market can be made sufficient to meet the general demand. It was upon these general views that the Treasury Department acted this fall with respect to the money market.

It is not my intention to speak of the details of this urgent relief measure—this banking and currency legislation. But the general features of a new system—if that system shall be at all adequate to the emergency—must include, among its necessary features, provisions for never-failing reserves and never-failing currency, and for the perfect elasticity and flexibility of both; for the permanent organization and organized coöperation of the banks, which are now suffering and causing the nation to suffer by reason of their unorganized state; for a central agency, to represent and act for the organized and coöperative banks—this agency to be securely free from political or trust control, but with the Government having adequate and intimate supervision of it; for independent banking units—so independent that no one bank can be owned, controlled or shared in any degree, directly or indirectly, by any other bank; for the equality of all banks, national or State, both as to standards and as to functions—so that every requirement made of a national bank must be complied with equally by a State bank, and every function or privilege enjoyed by a State bank shall be enjoyed by a national bank; for the utilization and the fluidity of bank assets; for the scientific development of exchanges—domestic and foreign; for foreign banking as an adjunct of our foreign commerce; and for taking the Treasury Department out of the banking business.

BOOK REVIEWS

THE BANK OF ENGLAND'S CHARTER: THE CAUSE OF OUR SOCIAL DISTRESS. By T. W. Huskinson. London: P. S. King & Son. (Price $.75.)

A compact treatise in which the author tries to prove by examples of history, that the present method of not distinguishing the fiduciary portion of the Bank of England note issue from that against gold actually deposited, causes the sensitive state of money and conditions now supposed to be existing in that country.

HOW TO INVEST WHEN PRICES ARE RISING. By Irving Fisher, Edwin Walter Kemmerer, Harry G. Brown, Walter E. Clark, J. Pease Norton, Montgomery Rollins, G. Lynn Sumner. Scranton, Pa.: G. Lynn Sumner & Co. (Price $1.)

An analysis of the present economic situation outlining the causes and its effect on investments. Asserting that the dollar is changing, the book concludes by advising that "the most desirable form of investment is one which gives the investor a share in the ownership of a property or enterprise; that is, stocks, real estate or bonds carrying a stock bonus."

TRUST COMPANIES OF THE UNITED STATES. 1912 Edition. Compiled and published by the United States Mortgage & Trust Company, New York.

A compilation of the statements of condition of trust companies of the United States as of June 29, 1912, also of officers, directors and correspondents, dividend rates, stock quotations and other statistics.

COÖPERATIVE FINANCE. By Herbert Myrick. New York: Orange Judd Co. (Price $2.50 net.)

An all-around commentary on constructive remedies for the present trying fiscal difficulties. It has some really commendable ideas for righting many of the known defects in our existing system.

Appointment of the Committee on Correspondence Instruction, American Institute of Banking

THE BANKERS MAGAZINE has always strongly indorsed the educational plans of the American Institute of Banking. This organization, which has a membership of over twelve thousand in the city chapters located in all of the principal cities of the country, has for some time realized the need for reaching in some way the banker and bank man situated in the smaller towns where local chapters are impracticable.

To accomplish this end a course in correspondence instruction was prepared some time ago by Educational Director George E. Allen and his assistants. This course covers the same subjects as the one pursued by the city chapters, taking up practical banking and banking law with their allied topics.

In order to further the work of the correspondence course President Byron W. Moser has appointed during the past month a comprehensive committee which includes many of the most prominent bankers in each section of the country.

An Atlanta Institution

Of all American cities that have sprung into existence and grown and prospered, there is hardly one which associates so much interest, commercial and otherwise, as the city of Atlanta, Ga. Less than a century ago the Cherokee warrior pitched his tepee on the hillsides in the shade of the pathless forests where now stands a modern city of more than 200,000 inhabitants.

Atlanta, called the "Gate City of the South," has a distinction, as evidenced by its remarkable increase in population, manufacturing, commerce and bank clearings. The banks, of course, have been prime factors in its rapid development.

Foremost among Atlanta's financial institutions is the Central Bank & Trust Corporation. Organized in 1906 by Asa G. Candler, president of the Coca Cola Company, and associates, with a capital of $500,000, at that time the largest capital of any bank in Atlanta, this institution has shown a steady growth, until to-day their statement shows a capital of one million dollars, surplus of one-half million, and resources of more than five millions. It is located on the first floor of their handsome seventeen-story office building, known as the Candler Building.

The site upon which this structure stands is historic, for upon it once stood Wesley Chapel, Atlanta's first church building.

The foundation of the bank's new home rests upon solid granite and nearly a year was required for the necessary excavations. The building itself is everything to be desired in point of architecture, construction and arrangement.

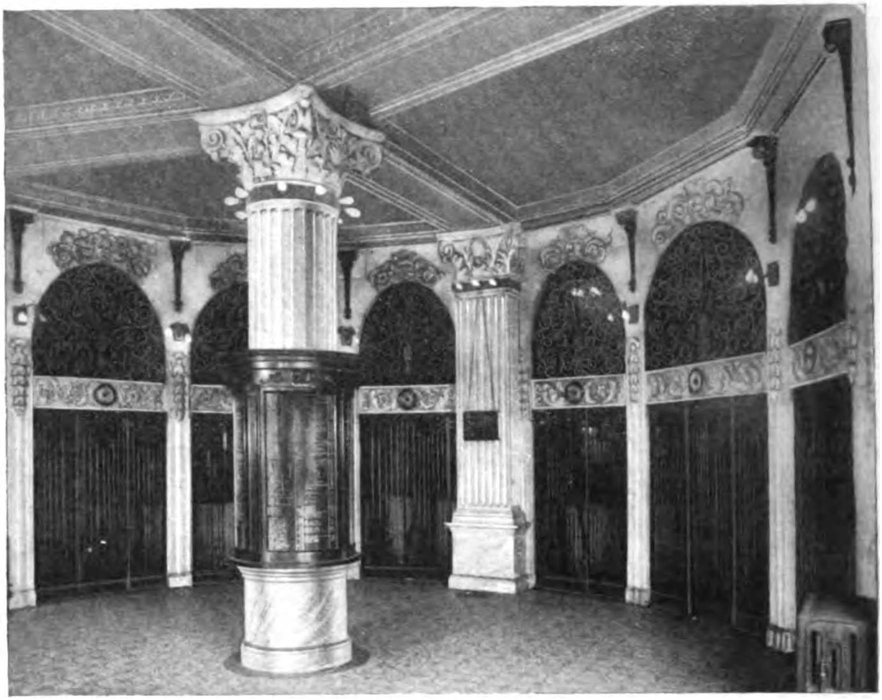
Under the able direction of F. B. Miles,

ENTRANCE TO THE CENTRAL BANK AND TRUST CORPORATION, ATLANTA, GA.

BUILDING OF THE CENTRAL BANK AND TRUST CORPORATION, ATLANTA, GA.

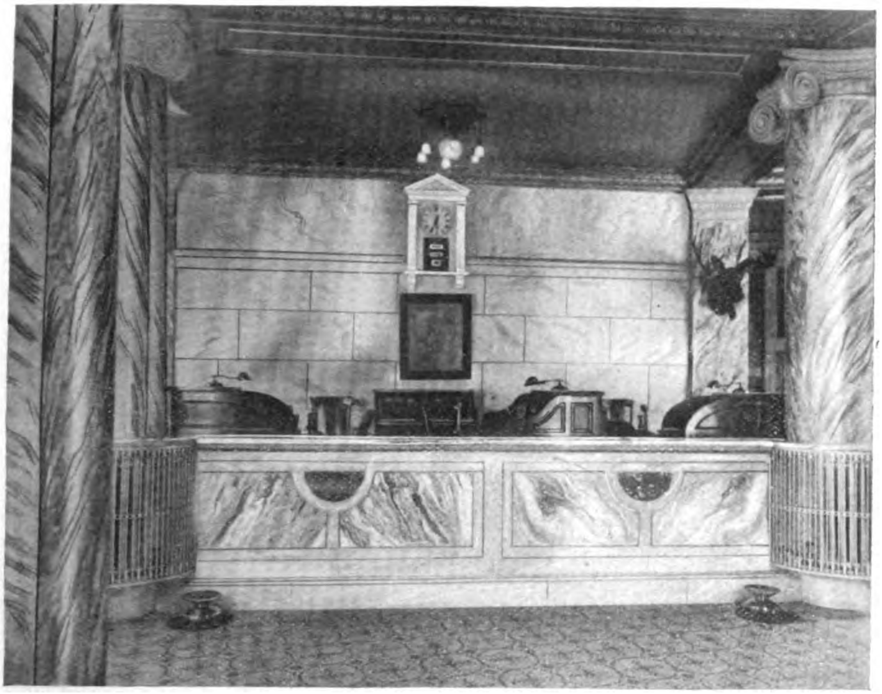
artist and designer, the architecture was elaborately planned and it has been said that the bank ranks second to none in beauty and embellishment.

On the facade, between the first and second stories, are numerously elaborately carved panels illustrating the liberal arts and sciences. Beginning at the southeast corner of the building and moving north, these panels represent architecture, posed by H. C. Hunt, of New York, America's foremost architect; sculpture, from a bust of Michael Angelo; art, from a bust of Raphael; literature, from a bust of Shakespeare; music, from a bust of Wagner; and ornate panels representing natural history

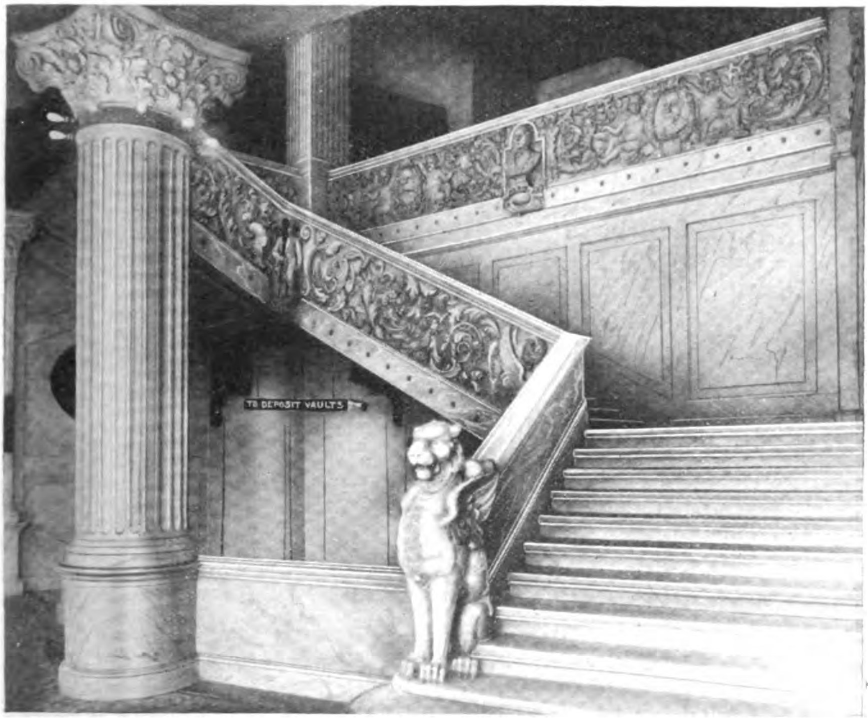


MAIN LOBBY—SHOWING ENTRANCE TO THE ELEVATORS, CENTRAL BANK AND TRUST CORPORATION, ATLANTA, GA.

PAYING TELLERS' WINDOW, CENTRAL BANK AND TRUST CORPORATION, ATLANTA, GA.



OFFICERS' QUARTERS



STAIRWAY TO SAFE DEPOSIT VAULTS
CENTRAL BANK AND TRUST CORPORATION, ATLANTA, GA.

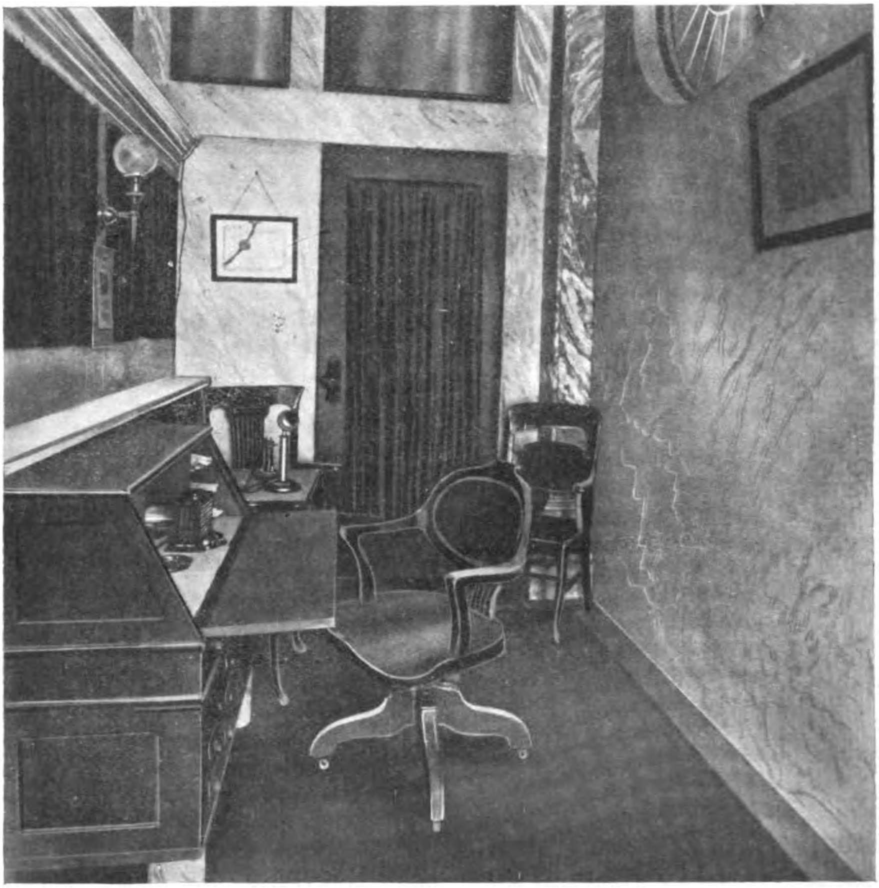
and agriculture. The panel on one corner represents military glory, and was posed by Admiral George Dewey, the hero of Manila Bay.

On the facade of one street, the panels number but two and represent the pioneer life of the early settlers. From one peers the face of Father Marquette, the intrepid priest-explorer, and from the other the well-known features of Col. William F. Cody, known the world over as "Buffalo Bill."

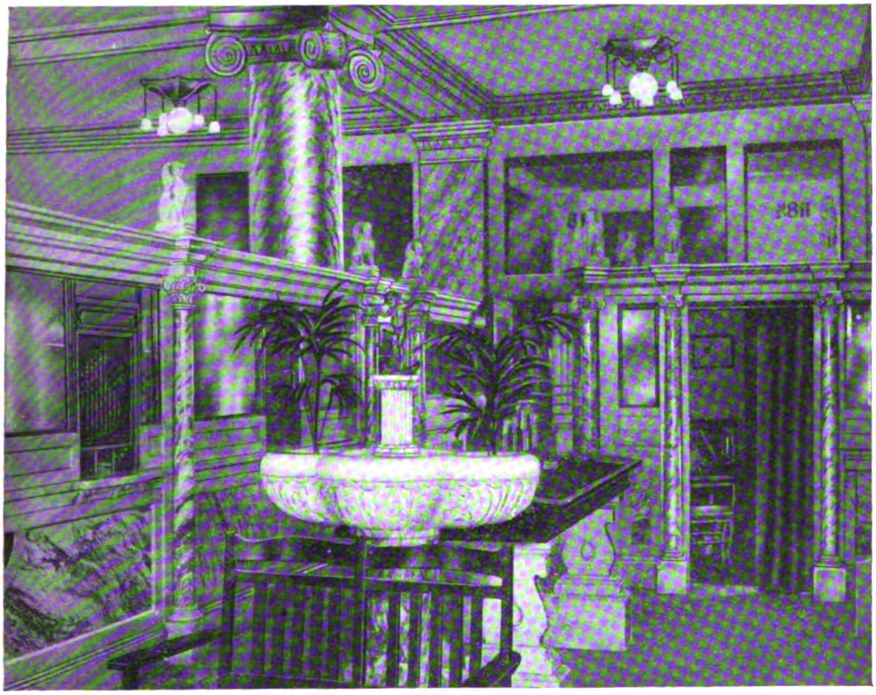
On the other street's facade are represented statesmanship and philosophy, from a bust of Benjamin Franklin; the power of steam, from a bust of Ericsson; agriculture, from a bust of Cyrus McCormick, the inventor of the self-binding reaper; music, from a bust of Beethoven; art, from a bust of Abby; literature, from a bust of Scott; sculpture, from a bust of Ward, and Astronomy, from a bust of Hirschel.

The spacious banking rooms contain nearly four thousand square feet of space, and were especially designed for the convenience of the bank and its customers. The fixtures are entirely of Georgia marble, of exquisite color and grain. Bronze and brass are extensively used; its furniture is of steel and mahogany, the whole presenting a very handsome appearance. The vaults, located in the rooms underneath the bank, are constructed of armor plate steel, and equipped with all modern conveniences, such as safety deposit boxes, coupon booths, and large rooms arranged for the safe keeping of bulky articles, such as silverware, etc.

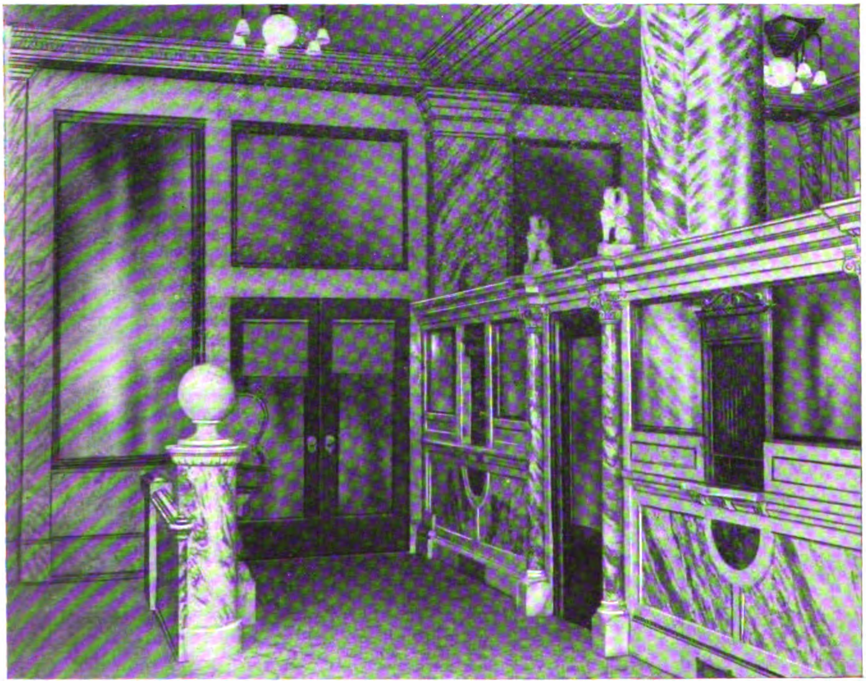
The Central Bank and Trust Corporation was the first financial institution in Atlanta to establish a branch bank. This branch was established in 1907, corner of Mitchell and Forsyth streets of that city, in what is known as the "Terminal District,"



PRIVATE OFFICE OF PRESIDENT CANDLER, CENTRAL BANK AND TRUST CORPORATION, ATLANTA, GA.



LOBBY—LEFT VIEW—SHOWING DEPARTMENT EXCLUSIVELY FOR LADIES



LOBBY—RIGHT VIEW—SHOWING STAIRWAY TO THE SAFE DEPOSIT VAULTS

CENTRAL BANK AND TRUST CORPORATION, ATLANTA, GA.

and under the able direction of Henry C. Heinz assistant cashier, has proven a distinct advantage to customers located in that section of the city, deposits running near the half-million mark.

The officers and directors of the Central Bank and Trust Corporation are:

Officers—Asa G. Candler, president; John S. Owens, vice-president; A. P. Coles, vice-president; W. D. Owens, cashier; Henry C. Heinz, assistant cashier; Carl H. Lewis, assistant cashier; Barrington J. King, assistant cashier.

Directors—Asa G. Candler, president of the Coca Cola Company; John S. Owens, vice-president; W. M. Nixon, president Atlanta Woolen Mills; Geo. E. King, president King Hardware Company; Sam. D. Jones, president Atlanta Stove Works; Norman C. Miller, Ginn & Co.; Eugene R. Black, attorney, McDaniel & Black; Isaac H. Hirsch, Hirsch Bros., clothing; A. Montgomery, treasurer Atlanta Coca Cola Bottling Company; W. H. Glenn, secretary Georgia Railway and Power Company; Dr. W. B. Hamby, capitalist; W. C. Harper, president Harper-Weathers Horse and Mule Company; W. L. Fain, W. L. & W. M. Fain, wholesale grain; Dr. Willis B. Jones, physician; A. P. Coles, vice-president.

Its recent statement of December 31, 1912, shows this sound state of its affairs:

RESOURCES.

Loans and discounts	$3,474,113.83
Stocks and bonds	864,225.24
Overdrafts	3,909.55
Real estate	5,966.23
Furniture and fixtures	4,926.85
Cash	1,075,945.99
	$5,429,087.69

LIABILITIES.

Capital stock	$1,000,000.00
Undivided profits	560,554.30
Rediscounts	257,688.89
Deposits	3,610,844.50
	$5,429,087.69

First National Bank, Minneapolis, Minn.

IN the year 1857 there was carried by stage to the little village of Minneapolis, situated on the Mississippi River, opposite the town of St. Anthony, ten thousand dollars. This sum of money was brought by J. K. Sidle, a young man from the town of York, in Pennsylvania. It was the intention of Mr. Sidle to organize and conduct a bank. He associated himself with a gentleman named Peter Wolford and together they established a bank under the name of Sidle & Wolford, which did business for a short time before incorporating as a state bank under the name of "The Minneapolis Bank." In 1864, at the call of Lincoln, banks all over the country hurried to nationalize under the new law. The Minneapolis Bank early in the year made application for a charter as the First National Bank, Minneapolis, but not until December 12, 1864, was the application perfected and the capital paid in. The first stockholders and directors included these names: J. K. Sidle, H. G. Sidle, Henry Sidle, G. Scheittin, L. Fletcher, D. C. Bell, E. A. Veazie, A. Kelly, E. B. Ames, W. A. Penniman, with J. K. Sidle president and H. G. Sidle, cashier.

FIRST NATIONAL BANK, MINNEAPOLIS, MINN.

History and Growth

The incorporation had barely been completed when the news arrived in the little town of Sherman's triumphal march through Georgia. Minneapolis had contributed loyally to the First Minnesota and other regiments and started at once to prepare a welcome to the few remaining of this brave band of soldiers. On the books of the bank are to be found the names of many of the survivors of the old "First Minnesota." In tracing their accounts through the years which have passed one is quick to recognize the same courage and spirit exhibited in business as was shown in the saving of the day at Gettysburg. Minneapolis was then a frontier town. It is possible to stand on the heights overlooking the Minnesota River and see the courthouse in Minneapolis and at the same time the last battle field of the Indians in their tribal warfare. The battle took place in 1858, so one can realize in looking around the city and the northwest the tremendous development which has taken place in fifty-five years and the assistance this strong bank has been to the community. The many periods of depression through the failure of crops, before farming conditions in the new country were well settled, the rise and fall in timber values and the many, many fluctuations through which the new community had to pass have been borne by the bank without material reverses and as natural vicissitudes which all financial institutions in a new and growing country must experience.

The First National Bank, Minneapolis, began business with a capital of $50,000, which in 1872 was increased to $100,000, in 1874 to $200,000, in 1878 to $600,000, in 1886 to $1,000,000, and in 1903 to $2,000,000.

On May 31, 1864, the Minneapolis Bank,

VIEW IN THE LOBBY, FIRST NATIONAL BANK, MINNEAPOLIS, MINN.

OFFICERS' QUARTERS, FIRST NATIONAL BANK, MINNEAPOLIS, MINN.

organized a few months later as the First National Bank, Minneapolis, made the following statement, viz.:

RESOURCES.

Loans and Discounts	$50,343.24
Stocks and Bonds	27,000.00
Cash on hand and due from Banks	49,616.79
	$126,960.03

LIABILITIES.

Capital Stock	$60,000.00
Surplus and Undivided Profits	2,037.11
State Bank Notes Outstanding	23,000.00
Deposits	41,922.92
	$126.960.03

In 1894 F. M. Prince was elected cashier and in January, 1895, C. T. Jaffray joined the bank as cashier, Mr. Prince being elected vice-president, and John Martin, president. On the death of John Martin, in 1904, the Hon. J. B. Gilfillan was elected president, and in 1905 Mr. Gilfillan was chosen chairman of the board while F. M. Prince was elected president.

WASHINGTON AVENUE—FIRST NATIONAL BANK BUILDING AT THE CORNER OF HENNEPIN AVENUE IN 1869.

Policy of the Institution.

For fifty years the bank has been making a feature of caring for accounts of banks and bankers. It has long been known as a conservative institution and one which welcomes small accounts as well as large ones.

This institution was one of the first in the country to evidence its appreciation of the fact that its success was largely due to the efficient manner of handling the business by its employees and to distribute a portion of its earnings yearly to each member of the staff.

Having the best interest of the staff at heart, it was decided, eleven years ago, to credit to the account of each man the bonus allowed yearly for ten years, allowing interest on the fund, the same to mature and become payable at the end of that period.

A pension fund was started when the gratuity fund matured. Every member of the staff, after he has served fifteen years from his twenty-first birthday, is entitled to a pension if he becomes incapacitated, or he may retire when he becomes sixty years of age. In case of death, his family receives certain care and assistance.

Personnel of the Bank.

Frank M. Prince, president of the First National Bank, Minneapolis, Minn., was born at Amherst, Massachusetts. He went to Stillwater, Minnesota, in 1874. A year later he entered the First National Bank of Stillwater, where he obtained his first experience in banking. In July, 1878, he entered the First National Bank of Minneapolis as correspondence clerk and teller. In 1882 Mr. Prince was elected cashier of the First National Bank, Stillwater, where he remained ten years. He returned to the First National Bank, Minneapolis, as cashier in 1894, was elected vice-president in 1895, and president of the bank in 1905.

Clive T. Jaffray was elected cashier of the First National Bank in 1895. He had had thirteen years of banking experience, starting as a messenger and working himself gradually to an official position in one of the other Minneapolis banks. He was elected vice-president in 1905. Mr. Jaffray has also been active in the management of the Minneapolis Trust Company and is a director of the Wisconsin Railway Company.

A. A. Crane has been connected with the banking business in Minnesota since 1883, coming to Minneapolis from Anoka in 1887. For a number of years Mr. Crane was cashier of the National Bank of Commerce

C. T. Jaffray
VICE-PRESIDENT FIRST NATIONAL BANK, MINNEAPOLIS, MINN.

H. A. Willoughby
CASHIER FIRST NATIONAL BANK, MINNEAPOLIS, MINN.

and, in 1906, was advanced to the vice-presidency of that bank. He was elected vice-president of the First National Bank, Minneapolis, in 1910. Mr. Crane has always been interested in the American Bankers' Association, having served as treasurer and on the executive council of that organization.

Geo. F. Orde came to Minneapolis from Chicago in 1905, resigning the cashiership of the Northern Trust Company, Chicago, at that time to join the official staff of the First National Bank, Minneapolis, as cashier. In 1910 Mr. Orde was elected vice-president. He has been honored with a place on the executive council of the American Bankers' Association for several years, was elected treasurer of that association at New Orleans in 1902 and re-elected to that office at San Francisco in 1903.

Donald Mackerchar, vice-president, was born in Scotland and entered a bank in that country as a very young man. He entered the service of the First National Bank, Minneapolis, in 1887. The success of the foreign exchange department of the bank is due to Mr. Mackerchar's knowledge of this branch of the banking business.

H. A. Willoughby, cashier, entered the employ of the First National Bank as a boy, serving in the different departments, was elected assistant cashier in 1907, and cashier, October 27, 1910.

Geo, A. Lyon, assistant cashier, entered a bank in Rockford, Iowa, as a young man, later graduating from the Harvard Law School. Mr. Lyon practiced law for several years and entered the service of the First National Bank as assistant cashier in 1909.

P. J. Leeman, assistant cashier, entered the bank as a boy, and after working himself through the different departments, was, for a number of years, manager of the collection department, and was elected assistant cashier in 1910.

The board of directors include: J. B. Gilfillan, chairman, Geo. C. Bagley, Earle Brown, E. L. Carpenter, R. H. Chute, Hovey C. Clarke, A. E. Clerihew, Elbridge C. Cooke, Isaac Hazlett, Horace M. Hill, W. A. Lancaster, A. C. Loring, John D. MacMillan, John H. MacMillan, S. G. Palmer, E. Pennington, Alfred S. Pillsbury, Chas. S. Pillsbury, R. R. Rand, John Washburn, F. B. Wells, A. M. Woodward, F. M. Prince, C. T. Jaffray, A. A. Crane, Geo. F. Orde.

The Bank's Progress.

The growth of the bank is evidence of the confidence of the people of Minneapolis and their satisfaction in the service

rendered by it. In 1906 the bank built its present building with a frontage of one hundred and fifty feet. The floor space of the main banking room contains fifteen savings department and a foreign exchange department.

Following are comparative statements of its continuous sound condition:

RESOURCES.

	October 1, 1871.	November 25, 1902.	December 3, 1907.	November 26, 1912.
Loans and Discounts	$451,698.93	$7,724,584.91	$11,539,952.79	$17,255,980.94
Railroad and Other Bonds	....	417,985.00	823,300.00	1,579,534.50
United States Bonds, at par	102,550.00	1,050,800.00	1,310,000.00	1,250,000.00
Bank Building	23,745.72	....	300,000.00	600,000.00
Cash on Hand and Due from Banks	193,958.10	3,001,601.53	7,313,867.14	11,347,015.35
	$771,952.75	$12,194,971.44	$21,287,119.93	$32,032,530.79

LIABILITIES.

	October 1, 1871.	November 25, 1902.	December 3, 1907.	November 26, 1912.
Capital Stock	$100,000.00	$1,000,000.00	$2,000,000.00	$2,000,000.00
Surplus and Undivided Profits	17,088.36	424,232.60	1,975,414.07	2,529,258.85
Circulation	90,000.00	774,500.00	1,228,845.00	1,099,995.00
Deposits	564,864.39	9,796,238.84	15,395,860.86	25,980,276.94
Reserved for Unearned Interest	.. ..	....	....	103,000.00
Bond Account	....	200,000.00	687,000.00	320,000.00
	$771,952.75	$12,194,971.44	$21,287,119.93	$32,032,530.79

thousand square feet. It is forty feet high and is particularly remarkable for its light. The building is of gray Bedford stone, and is located at the center of the business district on the corner of First avenue South and Fifth street. The bank is fully equipped and has added to the usual bank equipment safety deposit vaults, a ladies' department, including a rest room, etc., a

The First National Bank, Minneapolis, will shortly celebrate its fiftieth anniversary. It has played its part well in the development of the northwest and has attained the degree of prosperity and success to which its conservative management entitles it and today occupies a prominent and enviable place among the great banks of the country.

DIRECTORS' ROOM, FIRST NATIONAL BANK, MINNEAPOLIS, MINN.

THE NEW BUILDING OF THE HARTFORD NATIONAL BANK, HARTFORD, CONN.
DONN BARBER, ARCHITECT

The Hartford National Bank

THE opening of the new building of the Hartford National Bank at Hartford, Conn., during the past year was an important event from several points of view. It is a notable old bank—almost the oldest in the country—the building is a notable one and the banking room is notable in its adaptation of modern art to commercial uses.

The new bank building is a fine modern structure of the "sky-scraper" type; the banking rooms are light, airy and spacious, but the ceiling of the main banking room is the feature presenting itself most conspicuously to the attention of those entering the bank.

The design and treatment of the interior of the banking rooms are subordinated to and in harmony with this ceiling, which is of canvas painted in New York, brought to Hartford and there placed in position.

There is nothing conventional about the ceiling in its attempt to "tell a story," as it is a color scheme primarily, with decorative effect the ultimate purpose; but the significance of the whole thing is that it marks a new step in the evolution of art in its application to the uses of commerce and announces a new friend and patron for modern art.

The man to whom belongs the distinction of being the creator of this beautiful ceiling and the herald of the closer union to come between commerce and art, is Donn Barber, architect, of New York City. His was the conception, but the execution was due to the rare skill and talent of J. Wall Finn, also of New York. To these two men will be given the grateful appreciation not only of the bank that employed them, but of the thousands of persons who have seen their handiwork, and especially of all true lovers of modern art who may have had fears for its future.

The Building in Detail.

The new building is of limestone and brick, practically twelve stories high, with nine floors of business offices to let to the public.

The architect has arranged in the construction of the building to eliminate all supporting columns within the area of the banking room walls so that the upper nine stories are carried on three great trusses, weighing eleven tons each, with knees or elbows at each end. The space between these deep girders is utilized for the ventilating ducts and machinery of the bank proper and exteriorly permits of a commensurate cornice treatment to cap the composition of the banking floor treatment in facade. A thirty-five-foot lighted clear space room of some fifty-five by ninety feet in dimension is an unusual feature to find in the lower story of a skyscraper.

The treatment of the interior of the banking room is not only notable for its intrinsic beauty of design and harmony of color, but it represents a new departure in bank architecture and decoration.

The ceiling of the room is vaulted, the vault being penetrated by the high circular windows on the street side and corresponding circular headed panels in the other. The circular headed openings at the ends of the room look into the directors' room at one end and clerk space at the other.

A consistent idea of decorative ceiling is presented, the idea being taken from old Italian palaces. The bank has benefited through the ambitious desire of the architect to produce something in a decorative scheme which will surely be used ultimately by other banks.

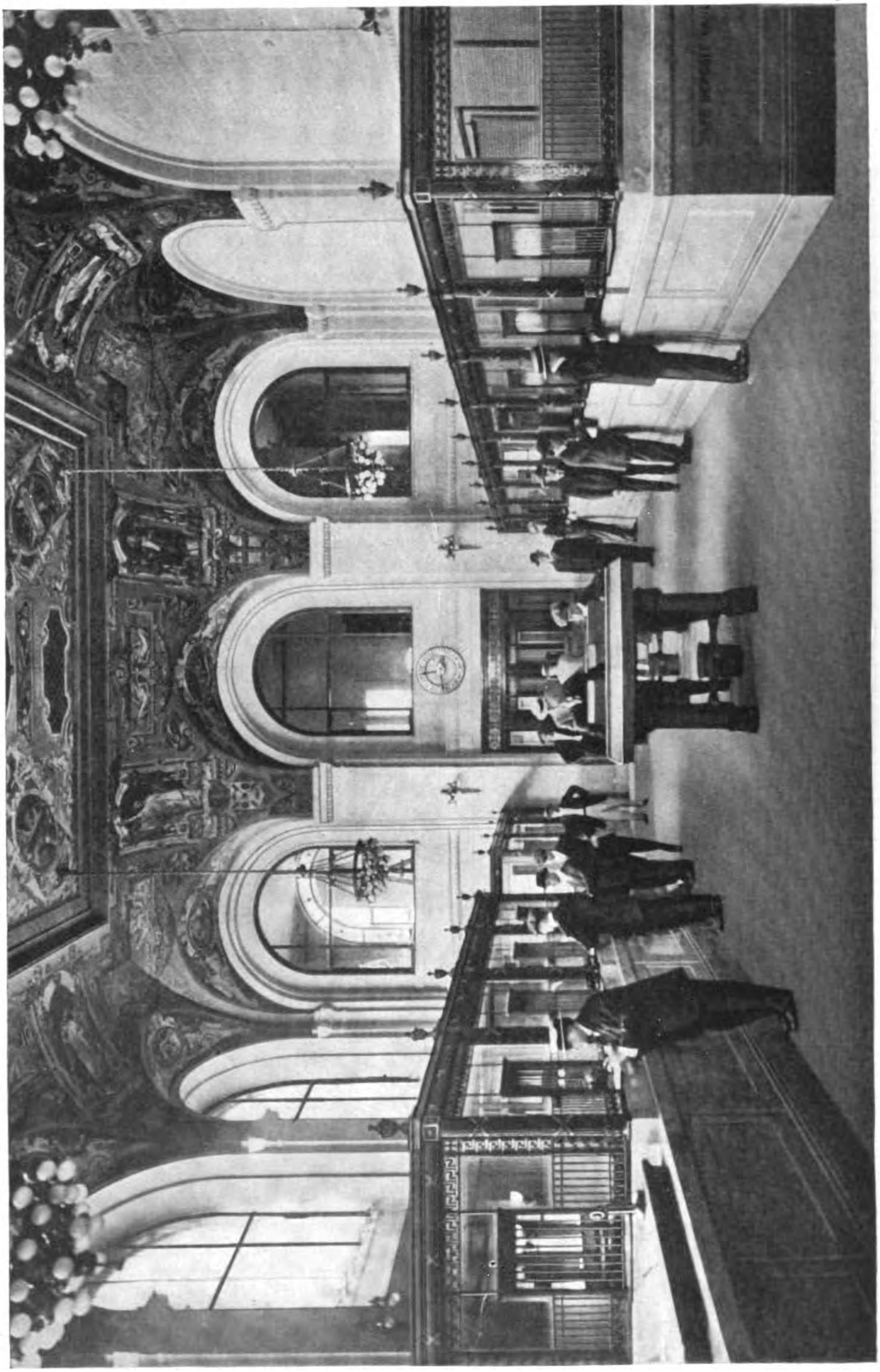
Mr. Finn of New York had the contract to decorate the bank and he entered with enthusiasm into Mr. Barber's idea. Nearly a year was consumed in painting the canvasses in Mr. Finn's studios. They were made so exact to measure that after they were shipped to Hartford by express they fitted exactly to the place made for them and were fastened in place without difficulty. A sizing covers the painting and they are impervious to water, and time and dust will only soften and mellow them to greater beauty.

So far as the figures of the decoration in general are concerned there is no connected story. They were chosen for decorative purposes with the scheme of color consistent and in perfect harmony. The only thing in the paintings that has a significance is the series of heroic size figures over the pilasters. These are representative of the great banking cities of the world whose names are inscribed underneath.

For New York stands the Bartholdi statue of liberty, for London an inspiring figure of Brittania, Boston is honored by its first colonial governor, Sir Harry Vane, a fine conception of "Onward and Upward" is accredited to Chicago and representative figures appear for Berlin and other cities. Each city named is also represented by its shield or emblem.

And while treating of the more artistic features of the bank building mention should also be made of the fine piece of sculpture representing the seal of the bank on the exterior of the Main and Asylum street corner which was carved by Neumann & Even of New York.

At the left of the entrance is the officers' room, carpeted with an Austrian rug carpet and equipped with rich inlaid oak furni-



MAIN BANKING ROOM, HARTFORD NATIONAL BANK, SHOWING THE BEAUTIFULLY DECORATED CEILING

ture, and all the modern accessories. Ascending from this room is a staircase to the directors' room in the first mezzanine, reached also by an elevator at the right of the main entrance.

This directors' room is very handsome,

HAROLD W. STEVENS
PRESIDENT HARTFORD NATIONAL BANK

with its mahogany finish, its fine ceiling mouldings and its warm, rich colors. Handsome draperies shield the large windows, which overlook the main square of the city. Off the directors' room is a neat little consultation room, also in mahogany, and the directors' room and the consultation room are supplied with leather covered furniture and mahogany tables.

ACCOMMODATION FOR LADIES.

Women visitors find much of the bank arranged especially for them. At the right of the main entrance is a room for the women patrons with handsome furniture of inlaid oak designed by the architect. The little room looks out through an archway into the bank. Just beyond is a commodious recess near the marble stairway to the safe deposit vaults and in this recess is an inviting seat for public use.

THE SAFE DEPOSIT VAULTS.

A commodious stairway wainscoted in Botticino marble leads from the public corridor to the safe deposit vaults. First to attract attention is the massive round steel door to the safe deposit vault proper, and on the right the substantial door of a storage or silver vault. These treasure houses were built by the Remington & Sherman Co. of New York, under the engineering supervision of Frederick S. Holmes, and both of these vaults are not only fireproof and waterproof, but are protected in every conceivable way.

The safe deposit vault is the largest in Hartford. It will accommodate 3,000 deposit boxes, and the space everywhere is ample.

An important point in connection with bank vaults is that they should be exposed on all sides, top and bottom, and these are. The banking room is overhead, lobbies and passage ways extend around the sides, and the watchman can see the whole of the spaces underneath the vault by means of

FRANK P. FURLONG
CASHIER HARTFORD NATIONAL BANK

an arrangement of electric lights and reflecting mirrors.

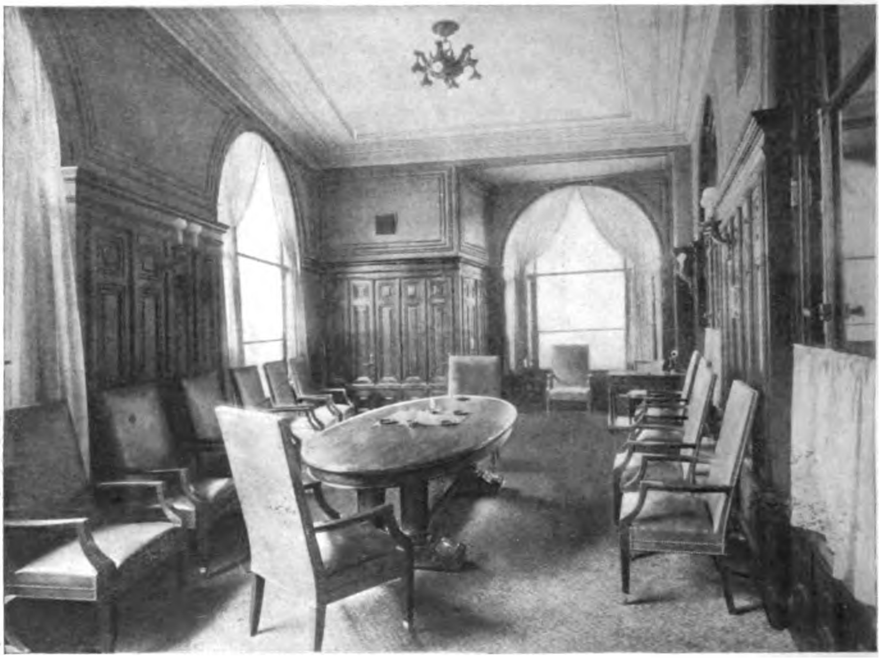
HISTORY OF THE BANK.

As many bank men already know, the Hartford National Bank is the oldest bank in New England in active business to-day, and there were but four banks in the country when the Hartford bank was established in

1792 with a capital of $100,000. At that time agriculture and commerce were the chief local means of livelihood, Hartford being actively engaged in the West Indian trade. The English system of pounds, shillings and pence was in almost universal use at that time with general confusion resultant from different valuations of English money. The Hartford bank adopted the dollars and cents system in the summer of 1792, though the treasurer of the State of Connecticut did not inaugurate a change from the English to the decimal system until 1797.

At the beginning of its existence the home of the bank was on Pearl street, but in October, 1811, it moved into the brownstone building at No. 58 State street, where it remained until the present change. The bank conducted its business under its original charter from the State until June 13, 1865, when the stockholders voted to reorganize as a national bank.

The Hartford Bank is not only the oldest bank in New England in active business operation, but it is one of the largest and strongest in its net assets and capital resources. With total assets of more than $7,300,000 the bank has net assets, in the form of capital and undivided profits of more than $2,300,000, all pledged to the tection of its depositors. The total protection of the bank's creditors is larger than that of any other bank in New England outside of Boston.



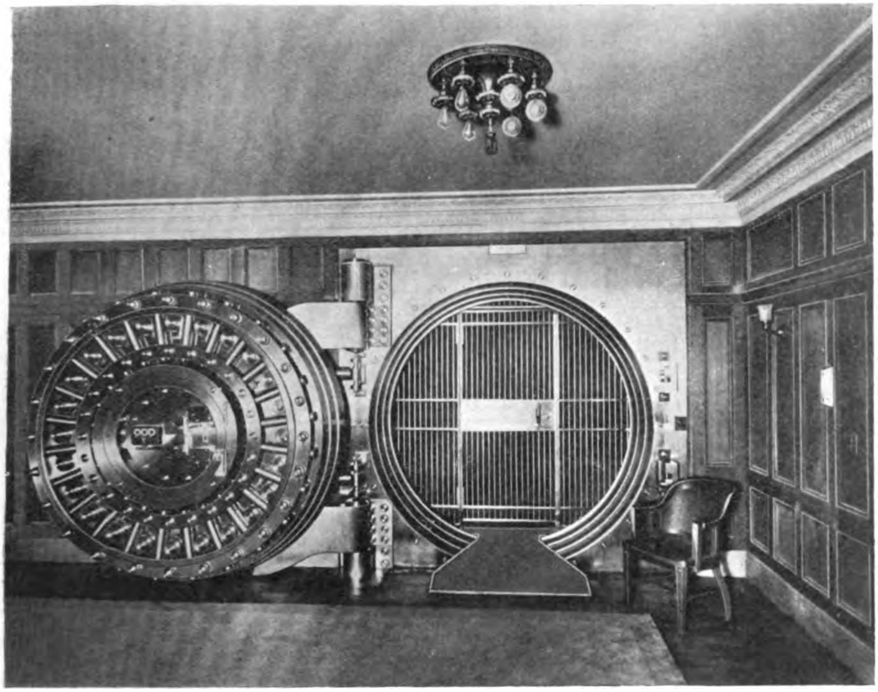
DIRECTORS' ROOM, HARTFORD NATIONAL BANK

The Officers.

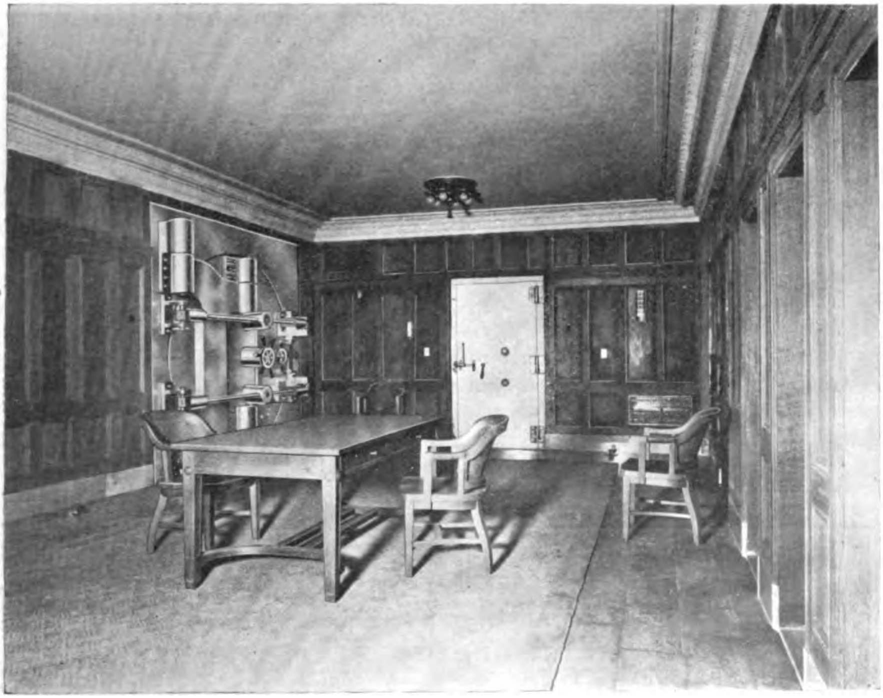
In its more than 100 years of honorable record the bank has had but seven presidents: John Caldwell, Nathaniel Terry, Joseph Trumbull, D. F. Robinson, H. A. Perkins, James Bolter and Harold W. Stevens.

Mr. Stevens came to the bank January 1, 1899, having been elected to the office of vice-president, an office especially created to relieve his predecessor from too great responsibilities in his advanced years. Mr. Stevens was elected president September 19. 1900. He came to Hartford from Northampton, Mass., where he had been cashier of the Northampton National Bank for four years, having moved to that place from Boston. Mr. Stevens began his bank career as a messenger and worked his way up through the various stages of an active banking career to a well-earned and honorable position at the top.

Frank P. Furlong was elected cashier of the bank in February, 1900. His abilities in his position are well recognized. He has been known to the Hartford public for some years, although comparatively a young man,



GREAT DOOR TO SAFE DEPOSIT VAULT, HARTFORD NATIONAL BANK



WAITING ROOM, SAFE DEPOSIT VAULTS, HARTFORD NATIONAL BANK

and he had a splendid record as postmaster of Hartford. January 1, 1912, Mr. Furlong was made vice-president in addition to the cashiership, and he became a director, succeeding the late Pliny Jewell.

The assistant cashiers are William S. Andrews and Addison G. Brainerd.

DIRECTORS.

The present board of directors of the bank is: Henry C. Judd, Ralph H. Ensign, D. W. C. Skilton, Charles E. Chase, George A. Gay, Harold W. Stevens, Edward B. Hatch, John B. Lunger, Everett J. Lake, Dr. G. C. F. Williams, Henry H. Goodwin, Sidney W. Crofut, Philip B. Gale and Frank P. Furlong.

STATEMENT.

The exceptional strength of the bank is shown by the following statement:

RESOURCES.	
Loans and discounts	$4,200,840.48
United States bonds	750,000.00
Bonds and investments	443,631.65
Banking house	591,860.93
Cash and due from banks	1,418,039.18
Redemption fund and due from U. S. treasurer	41,250.00
	$7,445,622.14
LIABILITIES.	
Capital	$1,200,000.00
Surplus and profits	1,118,088.19
Circulation	718,500.00
Deposits	4,409,033.95
	$7,445,622.14

FOREIGN BANKING AND FINANCE

European

SWISS NATIONAL BANK GETS GOLD FROM PARIS.

A CONSIGNMENT of $5,000,000 in gold and silver has been sent by special train from Paris to Berne, and was placed in the Swiss National Bank. The Government continues to order quantities of grain from the United States.

HERR HEINRICH VON STEAIN ELECTED CHAIRMAN.

THE following statement has been issued by the London branch of Germany, in succession to Baron von Oppenheim, is Herr Heinrich von Steain, late deputy chairman, who has, in turn as his successor, Herr Justizrat Esser. The still vacant position of president of the bank will be filled at the next meeting of the board.

THE GREEK MORATORIUM.

THE new chairman of the Internationale Bank of Luxemburg, the Bank of Athens:

"The Greek Government has now permitted the head office in Athens and the branches of the Bank of Greece proper to continue payment of all classes of deposits, the service of which had been affected by the moratorium.

"As the payment of deposits by the numerous branches of the Bank of

Athens outside Greece has at no time been interfered with, this extension of payments in Greece also causes all branches of the business of the bank to resume that normal course which existed before the war."

BANK AMALGAMATION IN GERMANY.

ARRANGEMENTS have been perfected by the Essener Creditanstalt for the taking over permanently of a large block of the shares of the Essener Bankverein. Both banks are associated with the Deutsche Bank. The Creditanstalt has a capital of $17,136,000, and the Bankverein a capital of $7,140,000.

Australasian

BANK OF AUSTRALASIA CAPITAL INCREASES.

IT is announced that the directors of the Bank of Australasia intend to recommend to the shareholders at a general meeting held early this year the increase of the capital of the bank by the issue to the shareholders of 10,000 new shares of $200 each at a premium of $300 per share. Full details of the proposed issue will be sent to the shareholders in due course.

The present authorized capital of the bank is $10,000,000 of which $8,000,000 has been issued.

T. A. DIBBS, GENERAL MANAGER COMMERCIAL BANKING COMPANY, SYDNEY.

JOINING the service of this bank in 1847 and becoming general manager in 1867, T. A. Dibbs has thus had over sixty-five years of service, forty-five of which have been as the chief executive officer.

A. H. CHAMBERS ELECTED CHIEF INSPECTOR.

A. H. CHAMBERS, who has been for a number of years inspector of the New South Wales and Queensland branches of the Union Bank of Australia, Ltd., has been appointed chief inspector of the bank in Melbourne.

RETIREMENT OF G. H. WOOD.

G. H. WOOD, joint general manager of Williams, Deacon's Bank, retired after a service of nearly forty-six years, and has been appointed a director. John Craig continues as general manager, R. T. Hindley, hith-

erto manager in London, being appointed assistant general manager. J. J. Meagher, manager at the Charing Cross branch, succeeds Mr. Hindley as manager in London.

T. J. RUSSELL OF THE LONDON COUNTY AND WESTMINSTER BANK.

THE retirement of T. J. Russell, the county and colonial manager of the London County and Westminster Bank, who succeeded Mr. Billinghurst, has been announced. Mr. Russell has been connected with the London County and Westminster Bank for forty-eight years, and since the amalgamation with the London and County Bank a few years ago, has devoted his attention chiefly to colonial business—a special feature of the bank—in which he is an expert.

DEPUTY GOVERNOR OF THE COMMONWEALTH BANK.

THE question as to deputy-governorship of the Commonwealth Bank of Australia has been settled by the appointment of James Kell, hitherto a sub-inspector of the Bank of Australasia. Mr. Kell has the reputation of being an able and painstaking officer, and his promotion has been well received in banking circles.

R. B. RIGG APPOINTED INSPECTOR.

R. B. RIGG, who has been manager of the Melbourne branch of the Bank of New Zealand for the past nine years, will shortly proceed to New Zealand, having been appointed an inspector located at the head office.

BANK OF NEW SOUTH WALES.

THE Bank of New South Wales has decided to rebuild its Melbourne office, the plans providing for a stone-fronted building of seven stories, of which two will be occupied by the bank and five will be available for letting. The replacement of the existing building by one of much greater magnitude is in accordance with what has taken place in that vicinity during the past quarter of a century, but some regret will be felt at the disappearance of the present building which from the perfection and beauty of its architecture was one of the finest in Melbourne.

COMMONWEALTH BANK DEPUTY GOVERNOR.

THE Prime Minister, replying to Mr. McDougall (Vic.) in the Federal Parliament, said that thirty-five applications had been received for the position of deputy-governor of the Commonwealth Bank. James Kell, the successful applicant, has been appointed on the grounds of age, training and general suitability.

J. S. SCOTT'S APPOINTMENT.

J. S. SCOTT, sub-manager of the Bank of Australasia, Perth, has been appointed manager of the West Australian branch of the Commonwealth Bank.

Asiatic

THE FINANCES OF JAPAN.

COMMENTING on this subject, a recent issue of the London "Economist" says:

Japanese finance is once more in a critical state, and we hope that those in authority at Tokio will take the necessary steps to retrieve the position. The reign of the late Emperor, which was called the "Era of Enlightenment (*Meiji*), was indeed a period of political reorganization and territorial expansion; that of the present Mikado, designated the "Era of Righteousness" (*Daishô*), ought to be an epoch of economic recuperation and development. It is over forty years since the restoration of the Meiji, and the Japanese Government has been outwardly transformed. Cabinets come and go in quick succession, but unless, and until, the country is placed on a solid basis of financial strength, no external display of military or naval force, nor any skill in diplomacy will maintain its position among the powers of the world. If the army is enlarged and the treasury emptied; if taxes rise and credit falls, Europe will regard Japan as a diminishing factor in world politics. Do the statesmen and the people of Japan realize where they stand now? If the latest Reuter telegram accurately summarizes the situation, the new premier, Prince Katsura, has prevailed over the military expansionists, but without effecting any substantial economies.

The last ministry fell in a strenuous attempt at financial retrenchment. It sought to reduce by some ten per cent. the annual expenditures of each department, postponing all schemes of capital outlay, especially those of an unproductive nature. Its fall was brought about by the army, whose leaders insisted upon adding two divisions to the Korean forces. A well-informed journalist seems to have disclosed the true secret of the trouble. The military expansionists have been appropriating, in a cleverly disguised manner, more moneys than they actually wanted for the objects specified in the Budget, so that they could begin buying land and constructing barracks in Korea before a formal sanction to their scheme was given by the Imperial Diet. If, therefore, they had gone on to complete the work thus surreptitiously commenced, without additional appropriation for that specified object, then the other departments and the Japanese press would have exposed the unconstitutional methods adopted by the military bureaucracy. Their insistence upon the addition of two more divi-

sions, in the face of financial difficulties and evident public disapproval, is explained by their anxiety to cover up these irregularities. The pretext for army expansion in Japan is the supposition that Russia will soon be forcing her way once more to an ice-free port on the Pacific. But the expansionists themselves must be well aware that an insignificant increment in their Continental force would make little difference—more particularly now that the double tracking of the Siberian railway is approaching completion. Besides, Russia is not likely to attempt any violent measure in the Far East, at least, for some time to come. There are other fish to fry in Persia and Armenia, to say nothing of the revolutionary movements in the very heart of the Empire. The fears expressed by the Japanese naval experts and armorplate interests about the aggressive designs of the American navy are still more chimerical and preposterous.

The sudden collapse of the Constitutional party (*Seiyukai*) ministry, which commanded the majority of the House of Representatives and had the hearty support of public opinion, is said to indicate that Marquis Saionji's tactics were to force his antagonists into a position of responsibility where they would have to mend their ways. Perceiving this, Count Terauchi, Governor-General of Korea, who had been considered the legitimate successor of Prince Katsura—especially after the latter retired from active politics and became Lord Chamberlain to the young sovereign—shrank as leader of the military clique from the thankless dilemma either of yielding to the policy of retrenchment (which would have exasperated his partisans), or of enforcing the expansionist measures, for these would have aroused strong indignation among the people, even if he could have won over by corruption a semblance of majority in the Lower House. Hence the return of Prince Katsura, who is popular with Stock Exchange

interests in Japan, and has a reputation for securing majorities in the Diet.

With reference to the present financial situation, a well-known Japanese is reported to have said after the resignation of the Saionji cabinet:

"This crisis was anticipated from last year. We early prophesied the collapse of the ministry on account of the difficulty of carrying out the Budget for the present year, and the difficulty of compiling the Budget for next year. In carrying out the Budget for the present year the Government required a loan of over yen 200,000,000; that loan has not yet been floated. This fact is admitted by Mr. Yamamoto, the ex-finance minister, who declared that it was difficult to raise the loan before the end of the year, and admitted that the redemption of the bonds to the amount of yen 50,000,000, pledged to be carried out this year, has not been effected. A foreign loan can hardly be raised at present with the credit Japanese finance enjoys abroad and the Balkan troubles, so the only course left is to issue Exchequer bills. The interest on Exchequer bills is now paid at a rate as high as 1.7 sen, or over 6.2 per cent., and yet the bills are not satisfactorily subscribed for. If these bills are to be issued in any large amount, it is necessary for the Government to pay the interest at a higher rate. If an interest of two sen, or 7.3 per cent., is paid on Exchequer bills, the result will be a heavy slump in the market price of Government bonds, which now stand at yen 2,500,000,000."

The reasoning may be incorrect, but the facts which lie behind are significant. The boasted Sinking Fund and the scheme for redeeming the National Debt of Japan are seen now to have been the illusions which we prophesied them to be; and now that the gold reserve is approaching exhaustion, the Government is compelled either to reduce expenditure or to raise taxes, or to borrow in a falling market. The absurdity is that the military party in Japan should be reducing the country to this plight in preparation for a war which would be a financial impossibility!

The heavy increase of taxation, and especially of the customs, has seriously affected the power of Japanese manufacturers to compete with Great Britain and Germany in neutral markets. In fact, for some years economic conditions have been artificial. As a Japanese observer says: "After the Chino-Japanese war the money acquired as indemnity deranged Japan's economics through an unnatural, artificial expansion of industries and an abrupt rise of prices. The money borrowed from Europe and America after the war with Russia has made prices still higher, and it has been expended in unproductive ways, such as enlargement of army and navy." In countries governed mainly by military men, the increase of expenditure and taxes is usually accompanied by protection. It is in this way,

as Bismarck found, that the big financiers who exploit protective tariffs can be induced to favor military and naval expenditure. But with an income-tax rising to five shillings in the pound, and an already high tariff, Japan has reached the limit of taxation, and as the revenue extracted is employed unproductively, there is not much chance of her wealth and capital increasing. The danger is that she should fall under international control, and suffer the fate of Turkey or China. It would, indeed, be a strange and melancholy comment upon what is called military patriotism if it brought the Government of Japan under the tutelage of Europe. It is in the most friendly spirit that we anxiously urge upon the Japanese authorities a change of spirit, method and policy before it is too late.

CHENGLUNG BANK.

IT is said that the capital ($498,000) of the Chenglung Bank, a Japanese institution, which commenced business in the summer of 1911, is found to be inadequate at present through the extensiveness of its business. The directors propose to issue a call for the remainder due on the shares issued and further to increase the total share capital to $1,494,000.

BANKING ORDINANCES AND REGULATIONS OF CHOSEN.

ORDINANCES have been passed requiring permits from the Governor-General of Chosen for the conduct of banking business, to restrict loans in such business to money only, to require monthly and semi-annual reports, to prescribe banking hours and holidays, to describe procedure to be followed in cases of liquidation, and to provide penalties of fines and imprisonment in certain cases. The last article in the ordinance preserves the power of the Governor-General to make such further provisions as may be necessary. The only foreign banks now having branches or agencies in Chosen are the Hongkong & Shanghai Banking Corporation and the Chartered Bank of India, Australia, and China, both British corporations.

BANKERS AND THE STATE OF PERSIA.

AT the meeting of the Imperial Bank of Persia, held during December in London, it was reported that the gross profits amounted to $674,140, to which had to be added $137,130 brought forward. Sir Thomas Jackson, chairman, said he thought they had reason to be well content with the year's working, although the profits were somewhat less than in previous years, owing to the unrest which prevailed. The position of the bank was a sound and satisfactory one, and it paid the same dividend.

Latin America

NEW BRANCH IN ARGENTINE.

A BRANCH of the Bank Anglo Sud America has been opened in Rosario, Argentine Republic.

BANK ORGANIZED IN CHILE.

A BANK with a capital of $146,000 has been organized in Concepcion. The president of the institution is Primitivo A. Barrio.

OPENING OF THE BANK AT MEDELLIN.

THE bank at Medillin, Colombia, recently organized by German and Colombian capitalists, has been opened for the transaction of business.

BANK OF COSTA RICA.

UP to October 28, 1912, the Bank of Costa Rica had issued bank notes to the amount of $930,000, $522,106 of which was then in circulation, the re-

mainder of the issue, with the exception of $23,250 which had been withdrawn from circulation, being on hand in the bank. The gold reserve of this bank on the date mentioned, including domestic and foreign coins, amounted to a value of $896,085.

BANK OF VENEZUELA.

ON October 1, 1912, the Bank of Venezuela changed the interest rate charged by it on current accounts to nine per cent. per annum instead of twelve per cent. The bank also pays a rate of interest on deposit.

NATIONAL BANK FOR PANAMA.

A PROJECT has been presented to the National Assembly of Panama for the establishment of a national bank charged with the supervision and collection of all Government duties and taxes. It is reported that prominent American capitalists are interested in the concern.

NEW BANK IN ECUADOR.

A PETITION has been filed for the charter of a new bank to be established at Quito, with a branch at Guayaquil. The institution is to be known as the Banco Central Ecuatoriano, and is to be capitalized at 1,000,000 sucres, or about $500,000 United States gold. The people directly interested represent several different nationalities, and it is said that the primary object of the bank is to provide a medium through which to obtain capital for the prosecution of public works of various kinds in Ecuador.

BANCO MINERO, CHIHUAHUA.

IN a statement of November 30, 1912, the Banco Minero, Chihuahau, Mexico reports a surplus fund of $1,591,869 and deposits of $11,517,760. This bank has a capital of $5,000,000. Jesus J. Falomir is manager and Luis Perez, assistant cashier.

BANKS IN BRITISH HONDURAS.

[*From Consul W. L. Avery, Belize.*]

THE Honduras Government Gazette of December 7, 1912, gives the following notice of the taking over by the Royal Bank of Canada of the only bank in that colony, viz.: the Bank of British Honduras:

Notice is hereby given that the property, undertaking and assets of the Bank of British Honduras (Ltd.) (incorporated under chapter 87 of the Consolidated Laws of British Honduras), have as on the 14th day of October, 1912, been purchased by the Royal Bank of Canada. As from the last-mentioned date the Royal Bank of Canada will have the benefit of all subsisting contracts and book debts made with or owing to the Bank of British

Honduras (Ltd.) and will discharge the debts and liabilities of the last-mentioned bank. The business of the Bank of British Honduras (Ltd.) has been purchased as a going concern, and the Royal Bank of Canada will continue to carry on such business at the office formerly occupied by the Bank of British Honduras (Ltd.). Mr. R. L. Heustis has been appointed manager of the Royal Bank of Canada in Belize.

The Bank of British Honduras, with a capital of $100,000, began business in January, 1903. Previous to that date deposits had been received, interest paid and exchange sold by the larger mercantile houses of Belize; but the need of a bank being evident an American succeeded in supplying the need, and the record of what is now the "old" bank was a success from the start. The average dividend has been twelve per cent., the stock advancing to 230, at which figure ($230,000) the purchasing bank makes public the transfer.

This change will undoubtedly strengthen the banking business of Belize, as the bank now operating is one of the thirty branches of the Royal Bank of Canada established in the West Indies and in British Honduras, with the advantages of $11,300,000 capital of the home bank behind it.

THE TRUST COMPANY OF CUBA, HAVANA.

ONE of the better known institutions in the West Indies, the Trust Company of Cuba, Havana, shows a healthy condition in its statement of December 31, 1912, reporting deposits aggregating $4,442,105, and surplus and undivided profits of over $160,000, with a working capital of $500,000. The past year was a very successful one, the profits for 1912 figuring about eighteen per cent. as to capital. After paying an annual divident of six per cent., $45,000 was added to surplus and $14,000 carried over in undivided profits.

The Value of Gold

THE present value of gold is $20.671834625323 per fine ounce, according to the computation tables of the United States Geological Survey and the Bureau of the Mint. The average commercial price of silver in 1911 was 53 cents per fine ounce. The world's production of gold in 1911 was estimated at $467,449,600. Africa was by far the greatest producer, with $192,972,100; the United States came second, with $96,233,500; Australasia third, $59,187,900, and Mexico fourth, $29,196,000. Other large producers were Russia and Finland, $24,865,000; China, $10,000,000; British India, $9.-762,100. South America as a whole produced nearly $17,000,000.

American Real Estate Company

THE twenty-fifth annual statement of this company, recently published, shows assets of $27,202,824.19 and $2,188,805.50 surplus. Political and other disturbances of the past year have not interfered with the company's normal rate of growth.

Operations of the company have been largely confined to the line of the northward growth of New York city, and several high-grade Manhattan rental properties have been added to the company's possessions. Large sales of lots have been made for immediate improvement in the past year and over thirty apartment houses constructed in one district of the Bronx.

During the twenty-five years of its history this company has, through the medium of its small denominations and installment bond issues, been the means of serving thousands of investors to whom it has returned upwards of $11,000,000 in principal and interest. It has over 18,000 active investors, a large number of whom are re-investors.

A. I. B. Post-Graduate Educational Course

UNDOUBTEDLY the most important step taken by the American Institute of Banking during recent years was the adoption at the Salt Lake City convention of a post-graduate educational course.

The work of the committee which has this in charge includes the establishment of a post-graduate course of education, and in accordance with the plan adopted by the convention, the formation in each city of bodies to be known as "chapter forums," which will take up the solution of local topics such as exchange charges, advertising schemes, etc.

The need of associations in the various cities where bank officers and senior clerks can exchange ideas and propose improvements in present banking methods has been apparent to progressive bankers for some time. There are many unsettled banking problems, and the sessions of these recently organized forums in the principal cities should result in definite good.

Laundering of Notes

THE machinery for laundering currency notes, including national bank notes, says the annual report of the Secretary of the Treasury, has been perfected. A number of machines have already been constructed and the complete number will very soon be ready and put in operation. The Treasurer's office and all the Sub-Treasury offices either are or soon will be adequately equipped for this interesting service—which in the end will furnish to the people a complete and constant supply of clean currency. This reform besides its other advantages and attractions, will mean a saving to the government of more than $500,000 per annum.

The laundering machines can be produced at a sufficiently moderate cost and can be operated cheaply enough to warrant their use by the larger banks, by the clearing-houses, and by the larger retail stores. There is every reason to expect that their use will spread accordingly; thus adding still more to the convenience and satisfaction of the public, and increasing the saving to the government.

Big Bank Profits

ACCORDING to a Washington dispatch profits of more than $80,000,000 have been made by the First National Bank of New York since its organization with a capital of $500,000 in 1863, George F. Baker, chairman of the board of directors of the the bank testifying before the House money trust committee. Mr. Baker told the committee the bank had paid dividends of 226 per cent., or more than twice the total capitalization, which now is $10,000,000, in the four years since 1908. Samuel Untermyer, counsel for the committee, calculated from the figures supplied by Mr. Baker, that since the latter assumed the presidency of the institution in 1873 the bank has paid dividends of 18550 per cent. on its original capitalizaton.

BANKING AND FINANCIAL NOTES

EASTERN STATES

New York City

—These men are said to be interested in the new Commercial National Bank, Long Island City, of which E. V. Connolly was recently chosen president: Horace Havemeyer, son of H. O. Havemeyer; L. N. Hine, son of Francis L. Hine; A. D. Seymour, president of the Manufacturers National Bank, and H. A. Mollenhauer, head of the Mollenhauer Sugar Refining Company.

—George F. Gentes has been elected cashier of the Aetna National Bank, succeeding E. V. Connolly, who resigned to take the presidency of the new Commercial National Bank of Long Island City. Mr. Gentes, who entered the employ of the Aetna in 1907, was made assistant cashier last summer.

—An application to list the full authorized capital, amounting to $4,000,000, of the Irving National Bank has been approved by the Governing Committee of the New York Stock Exchange. With the merger of the Mercantile National Bank and the Irving National Exchange Bank, six months ago, the latter increased its capital from $2,000,000 to $4,000,000 and changed its name to the Irving National Bank. The consolidated institution reported deposits on November 26 of $41,955,096, and total resources of $50,812,773.

—William C. Potter, vice-president of the Guaranty Trust Company, has been elected a director of that institution.

—Much good work is being done by the New York Chapter of the American Institute of Banking, which is situated in the Packard School Building at 138 East Thirty-fifth street.

Educational courses and lectures are given and in addition to this educational work a certain amount of time is devoted to social diversion. The association numbers 2000 members, and every effort is made to bring members into close fellowship with each other and gain the advantages of mutual friendship. Regular members of the chapter are connected with banks of Hoboken, Jersey City, Newark, Plainfield, Englewood, Paterson, New Rochelle, Yonkers and many other nearby towns.

—Through the merger last month of two of the largest trust companies in Brooklyn, there was created an organization with deposits of $24,000,000 and resources of over $30,000,000. The institutions concerned in the proceedings are the Long Island Loan and Trust Company and the Brooklyn Trust Company, and they have been merged through the absorption of the first named company by the Brooklyn Trust Company. The plans

for the merger have been agreed to by the directors and were passed upon by the respective stockholders on January 13. The united companies each have a capital of $1,000,000. In carrying out the consolidation the stockholders of the Long Island Loan and Trust Company received part cash and part stock for their holdings; in exchange for the 10,000 shares of the latter the Brooklyn Trust Company issued in the interest of the stockholders of the Long Island Trust Company 5000 new shares (increasing its capital to $1,500,000 and paid in cash $220 per share for the other 5000 shares of Long Island Loan and Trust stock. The company resulting from the consolidation is the largest in Brooklyn Borough. Under the new call of December 26 the Brooklyn Trust Company had deposits of $16,767,501 and resources of $20,653,329, while the Long Island Loan and Trust Company on the same date reported deposits of $7,400,732 and resources of $10,639,790. Theodore F. Miller, the present head of the Brooklyn Trust Company continues as president of the consolidated institution, and David H. Lanman, formerly a vice-president of the Brooklyn Trust Company, remains in that capacity. Clinton L. Rossiter, first vice-president of the Long Island Loan and Trust Company, joins the management of the enlarged company as a vice-president, and F. J. W. Diller, secretary of the Brooklyn Trust Company, is also a vice-president. It is understood that the new board, consisting of twenty-four members, will be made up of those serving in the respective directorates. The preliminary negotiations for the merger were conducted by Alexander T. White, chairman of the executive committee of the Brooklyn Trust Company, and senior member of the banking firm of White, Weld & Co., and David G. Legget, president of the Long Island Loan and Trust Company.

—The Canton Art Metal Company is furnishing and installing the steel counters, steel trucks and omnibuses, special steel cases for filing purposes and steel vault equipment, for the Irving National Bank and the Broadway Trust Company in the new fifty-story Woolworth Building, New York City.

—Consent to open a branch in Berlin, Germany, has been given to the Farmers' Loan and Trust Company by George C. Van Tuyl, Jr., State Superintendent of Banks. This will be the first American company to establish an office in Germany.

President E. S. Marston said in his application that the company considered it desirable to open a branch for the convenience of Americans traveling in Germany

and for those having relations with foreign business houses. This company already has successful branches in Paris and London, as has also the Equitable Trust Company.

—National banks throughout the city held their annual meetings of stockholders during the past month and in a number of banks new directors were chosen to fill vacancies or to replace directors. Many State banks also elected directors. These changes of national banks are announced:

Aetna National—Frank A. Horne and Edward J. Vintschger, elected directors in place of Edgar H. Cook and Frederick W. Dunbar, resigned.

Battery Park National—Arthur W. Hillebrand elected to succeed Calvin Tompkins as a member of the board of directors.

Chemical National—Herbert K. Twitchell chosen to succeed the late George G. De Witt as a director.

Citizens' Central National—Charles A. Munn and Frank Presbrey added to the board of directors.

Fifth National—Charles Kaye, Edward E. Watts and William S. Beckley added to the board.

Fourth National—F. de C. Sullivan succeeded Morton F. Plant on the board.

Hanover National—Francis T. Maxwell added to the board.

Harriman National—Parmley W. Herrick of Cleveland, son of Myron T. Herrick, Ambassador to France, was elected a director. The retiring directors were re-elected.

Irving National—William Childs, Jr., Horace Havemeyer and Harry Williams added to the board. Willis G. Nash resigned as a director.

Liberty National—Edward S. Moore added to the board.

Merchants' National—J. Archibald Murray added to the board.

National City—H. R. Eldridge, formerly vice-president of the First National Bank of Houston, Texas, and C. V. Rich, in charge of the City Bank's bond department, elected additional vice-presidents. H. V. Cann was made manager of the foreign exchange department and James Matthews manager of the credit department.

National Park—William O. Jones, who entered the service of the bank as assistant cashier in 1902, was elected a vice-president.

National Reserve Bank—Lynn Dinkins succeeded Samuel Bettle in the board of directors.

New York County National—Timothy N. Cheesman succeeded William Carpenter, resigned. Robert W. DeForest added to the board.

Seaboard National—Francis M. Weld added to the board.

Sherman National—C. G. Colyer elected in the place of W. H. Macleay on the board.

Edward S. Moore, who was elected a director of the Liberty National, is vice-president of the Chicago, Rock Island & Paicfic Railway and is a son of W. H. Moore of the Rock Island Company.

Stockholders of the New York Title Insurance Company elected Benjamin L. Allen, vice-president of the Columbia-Knickerbocker Trust Company a director to fill a vacancy.

These elections of State bank directors are also announced:

Century Bank—Everett Crawford, James Decker and Frank R. Lawrence elected directors to succeed Charles A. Frank, Max Radt and S. D. Scudder, resigned.

German Exchange—George M. Adrian elected a director to succeed Frederick Ohmeis.

Mutual Bank—Thomas V. Vietor, of Frederick Vietor & Achelis, and Joseph H. Emery, president of Lord & Taylor, added to the board.

Public Bank—Henry Ollesheimer, Philip Berolzheimer, Louis Biel, M. A. Isaacs, Nathan N. Markwell, John Eislie and C. C. Anderson. Capital increased from $300,000 to $600,000.

—Charles L. Bernheimer has been elected a director of the Citizens' Central National Bank to fill a vacancy. The bank has declared a quarterly dividend of two per cent., thus placing its stock on an eight per cent. basis, as against six per cent. heretofore.

—Nicholas Biddle, a trustee of the Astor estate, has been elected a director of the United States Mortgage and Trust Company to fill the vacancy caused by the resignation of Robert A. Graniss.

—At a recent meeting of the board of the North Side Bank of Brooklyn Borough, Lewis E. Pierson, of Austin, Nichols & Co., and Horace Havemeyer were elected directors. The institution recently obtained consent from the State Superintendent of Banks to change its principal place of business from 33-35 Grand street, Brooklyn, to 227 Havemeyer street. With this change the Grand street office becomes a branch.

—An appropriate picture in colors, showing the interior of the National Park Bank, was sent to the customers of the bank during New Year's week. It is three and a half feet high by two and a half feet wide, on steel, in a massive frame, and is an excellent view of the interior of the bank construction, showing Agriculture, Art, Industry, etc., as shown on the walls of the banking room.

—The new Transatlantic Trust Company, 67-69 William street, which opened for

business May 22, 1912, is making very favorable progress. The company's statement at the close of business December 31, 1912, shows surplus, $343,512; capital, $700,000, and aggregate deposits, $3,706,767. Many prominent bankers are directors. Julius Pirnitzer is president.

—A branch of the Corn Exchange Bank has been established at Fourth avenue and Twenty-ninth street.

—In the past twelve months the Chelsea Exchange Bank, 266 West Thirty-fourth street, of which A. E. Stilger is president, has increased its deposits from $1,922,439, December 16, 1911, to $3,304,906, December 16, 1912. The bank's surplus and profits are $188,450, in addition to a capital of $400,000, on which it is paying six per cent. dividends per annum.

—James E. Miller, secretary of the Columbia-Knickerbocker Trust Company, has been elected a vice-president. He will be located at the uptown office of the company at Fifth avenue and Thirty-fourth street.

—The Columbia-Knickerbocker Trust Company has adopted a life insurance plan in the interest of the families of those in its service. Under arangements made with the New York Life Insurance Company, ordinary life policies of $1,000 each will be issued (without a physical examination) to all the employees of the trust company who have been with it for at least five months. The policies will remain in force as long as the insured continues in the employ of the company.

—The New York Trust Company has also put in force for the benefit of its employees a life insurance system. As in the case of the Columbia-Knickerbocker Trust Company, the policies, which are for $1,000 each, are issued through the New York Life.

—R. J. F. Allen, chief clerk of the Guaranty Trust Company, has been elected assistant trust officer of that institution. John J. Lewis succeeds Mr. Allen as chief clerk.

—The New York Trust Company closes the past year of business with earnings of over forty per cent. on its capital of $3,000,000. In all the company paid thirty-two per cent. in dividends to stockholders and added over eight per cent. to surplus and undivided profits, which stood at $11,832,901, January 1, 1913.

—The State Banking Department has given consent to the Broadway Trust Company to change the location of the principal

place of business from 754 Broadway to the Woolworth Building, and also to the opening of a branch office at 754 Broadway after March 1, 1913.

—Henry W. de Forest has been elected a director of the United States Trust Company to succeed the late George F. Vietor.

—The surplus fund of the Hanover National Bank was increased the first of January. Their capital is now $3,000,000, with surplus and profits of $14,000,000.

—At the annual stockholders' meeting of the International Banking Corporation, 60 Wall street, Frank P. Frazier, Minor C. Keith, William Barclay Parsons and J. G. White were elected directors in place of J. S. Fearon, H. C. Pierce and H. S. Manning, and to fill an existing vacancy. At a recent meeting of the board the directors elected Thomas H. Hubbard chairman; H. T. S. Green, president and general manager; John Hubbard, treasurer and secretary. Mr. Green has been with the corporation since 1906, serving at several of its branches, and became general manager in 1910.

—In response to the recent call of the State superintendent of banks for a statement as of close of business December 26, the Guaranty Trust Company reports deposits of $168,417,464, which is a gain of over $12,000,000 since the corresponding report of a year ago. The total resources of this institution are more than $223,000,000.

—Announcement has just been made of the formation of a co-partnership under the name of Peck, Rasmus & Truesdale, members of the New York Stock Exchange, to carry on a general investment business and the purchase and sale of stocks and bonds on commission. The members of the firm are Arthur N. Peck, William T. Rasmus and Calvin Truesdale.

—A pension plan has been adopted for employees of the Bankers Trust Company. As a nucleus $75,000 has been appropriated. Annual appropriations will be made hereafter according to the needs of the fund and the profits of the company. With the inauguration of the plan the yearly bonus system will be abolished.

The pension system is based on those of the First National Banks of New York and Chicago. Membership in the association will be voluntary on the part of employees, who will be required to pay in three per cent. of their salaries. Fifteen years of service are required before a member may benefit from the fund. In case of earlier retirement or incapacity he will receive what he has paid in, with four per cent. interest, but no pension. A member may retire on a pension at sixty years, and must so retire at sixty-five, unless the company requests him to remain in active service.

Pensions will be based on length of service, the annual amount being as many fiftieths of his salary as his years of service, except that it shall not exceed thirty-five fiftieths, or $5,000 a year.

For less than twenty-five years' service the pension is to run the length of time of such service. For twenty-five years or more of service it is to continue until death. For incapacity before sixty it is to be based on the number of years of service.

The widow of an employee eligible for a

pension will receive until remarriage or death half the amount to which the husband would have been entitled. Similar provision is made for children up to the age of sixteen.

Sixteen employees of the company are now more than fifty and five are more than sixty years old.

—A well-merited promotion and one which meets the approval of banking men in all sections of the country, is the election of William O. Jones, formerly assistant cashier of the National Park Bank, to the vice-presidency in that institution.

Mr. Jones, through his interest in bankers' associations, is well known to a large circle of bankers, to which the success of the National Park Bank as a reserve institution is partly due. He has had a thorough business training.

After his graduation from Oberlin College he was for a number of years connected with the Northern Pacific Railroad at St. Paul, serving most of the time as private secretary to its general manager. After spending two years in banking in Eastern Kansas, Mr. Jones, in 1889, entered the service of the Chase National Bank of New York, where, for a number of years, he was private secretary to its president, Henry W. Cannon, and later as assistant cashier under William H. Porter, now a member of the firm of J. P. Morgan & Co. In 1903, Mr. Jones became identified with the National Park Bank as assistant cashier, and has since served that institution continuously. His outside interests are limited, being a director of the Broadway Trust Company of Manhattan, as well as in the Brooklyn branch of the same institution, the American Law Book Company of New York and the Manor Realty Company of Brooklyn.

Philadelphia

—John E. Gossling, cashier of the Second National Bank, has been elected a director of the institution, succeeding the late David C. Nimlet.

—At a meeting of the directors of the Corn Exchange National Bank of Philadelphia on January 7, William W. Supplee, desiring to be relieved of responsibility outside of his regular business, resigned as vice-president of the institution. Mr. Supplee remains as a director. Merritt N. Willits, Jr., cashier of the bank, has been elected to succeed Mr. Supplee as vice-president and has also been chosen to the

directorate. Newton W. Corson, heretofore assistant cashier, has been appointed cashier. Mr. Willits entered the bank about twenty years ago; in 1900 he became assistant cashier, and since 1910 he had been the cashier. Mr. Corson has been with the institution since 1900; he was given the post of assistant cashier in 1910.

—John Stokes Adams, trust officer of the Merchants' Union Trust Company has been elected a vice-president of the institution. He has been elected a director to succeed the late Frank W. Paul. Heverin S. Reed has been chosen real estate officer of the company and Henry L. Casselberry becomes assistant secretary and treasurer.

—John C. Knox, cashier of the National Bank of Germantown has been elected a director of that institution.

—At the annual meeting of the stockholders of the Girard Trust Company the following managers, whose terms of office then expired, were re-elected for four years: William H. Gaw, Francis I. Gowen, George H. McFadden, Henry Tatnall and Isaac H. Clothier. The company reports net profits for the fiscal year ending November 30 of $1,110,612, of which $900,000 was applied in dividends and $210,612 has been cariedforward to undivided profits, which amount stands at $2,577,129, exclusive of the value of the banking house, vaults, etc., the cost of which was paid for out of the earnings of past years and charged off.

—I. J. Dohan, president of the Beneficial Savings Fund Society, has been elected a director of the Market Street National Bank of Philadelphia.

—Charles V. Thackera, assistant treasurer and manager of the branch office of the Philadelphia Trust, Safe Deposit and Insurance Company, has resigned to become identified with private interests.

—Philadelphia Chapter of the American Institute of Banking had as its guests January 10, Alexander Gilbert, president of the Market and Fulton National Bank, and Alba B. Johnson, president of the Baldwin Locomotive Works.

Mr. Gilbert addressed the chapter on the currency question, speaking in terms of praise of our present National Bank Act, but said it was fifty years old and that those who had drafted it had not gone quite far enough to enable it to serve the needs of the present times of great corporations and wonderful expansion. Clearly and succinctly he pointed out how the bill now before Congress would, if put into operation, allay the fear which is always sub-conscious in the mind of the business and banking world, and by automatically meeting the commercial needs of expanding and contracting business, would do away with the recurring stress and fluctuating values in commodities and securities which are now so prevalent and inexcusable in a country of the size and importance of the United States. He also laid great stress on the part played in our financial problems and general welfare by the superabundant extravagance of those in high and low places, as well as the evils of excessive speculation and over-expansion in business. He ended his address by a simple and impressive plea to the bankers and community at large to become actively interested in the currency bill to the extent of advocating it to their senators and representatives.

—Rudolph Ellis, president of the Fidelity Trust Company, has been elected a director of the Franklin National.

J. B. Van Dyke was recently elected a director of the First National Bank to succeed the late David C. Nimlet.

—Frederick Mears has been elected a director of the Belmont Trust Company to

succeed A. L. Hoskins, resigned. E. B. Warner, assistant treasurer, was elected treasurer.

Baltimore

—At the close of business January 11 the physical merger of the National Mechanics' Bank with the Merchants' National Bank was completed by the transfer to the Merchants-Mechanics' Bank Building at the corner of South and Water streets of all assets and accounts held by the National Mechanics' Bank.

—Another consolidation of big financial interests in this city was consummated the past month when the Fidelity Bonding and American Bonding Companies were mergea.

—On January 17 the new Munsey Trust Company opened its dors on the first floor of the Munsey Building. More than 120 deposit accounts were opened and the total deposits for the day were $500,000. The largest single deposit was $43,000.

The Munsey Trust Company has a capital stock of $1,000,000, fully paid, and will engage in every branch of the banking business. Frank A. Munsey is chairman of the board. Ellicott H. Worthington is treasurer.

—J. Kemp Bartlett, vice-president of the U. S. Fidelity & Guaranty Company, with Frank K. Murphy and William L. Strauss, have been elected directors of the National Marine Bank, to succeed George F. Heffner and James W. Bates, deceased, and F. E. C. Wolfe, resigned.

—In declaring its usual satisfactory dividend accompanying its statement of December 31, the First National Bank adopts a progressive policy in requesting stockholders to advise the bank, on specially printed cards enclosed, of any person who "might be urged" to give the bank "a part of his (or her) business." This is a commendable idea and in keeping with modern banking methods. The statement shows these figures:

Resources.

Loans and discounts	$4,359,557
U. S. bonds to secure circulation	634,000
U. S. bonds to secure U. S. deposits	1,000
Stocks and securities	576,019
Premium on U. S. bonds	33,427
Banking house and lot	295,000
Due from banks	955,823
Five per cent. redemption fund..	31,700
Cash and reserve	1,854,125
	$8,740,654

Liabilities.

Capital stock	$1,000,000
Surplus	350,000
Undivided profits	60,956
Dividends unpaid	36,360
Circulation	634,000
Deposits	6,659,337
	$8,740,654

—Supplemental to a resolution of the stockholders of the Safe Deposit and Trust Company to increase its number of directors, Robert Garrett, of the old established banking house of Robert Garrett & Sons, was elected a director to serve for three years. The board of directors of the company now number twelve.

—At a meeting of the stockholders of the Baltimore County Bank at Towson, John Crowther was elected president; Duance H. Rice, vice-president, and William C. Kenney, cashier. The new bank starts business with a paid-up capital of $20,000, and surplus, $5,000.

—At a meeting of the new board of directors of the Finance and Guaranty Company, held during the past month, F. R. V. Williams, treasurer, was elected president to take the place of E. L. Norton, resigned. Other officers were re-elected. Elmore B. Jeffery, one of the original directors of the company, was made chairman of the board. Prior to his engaging in the banking business, Mr. Williams was prominently identified with the wholesale coal trade and has an extensive acquaintance in that line of business in Baltimore, Philadelphia and the coal centres of the East.

Pittsburgh

—Under action taken by directors of the Dollar Savings Fund and Trust Company, Pittsburgh, Pa., that institution will take over control of the Second National Bank of Allegheny. The latter has a capital of $300,000 and its stock, it is stated, is being bought in at $380 per share. The two banks, it is understood, will continue to be operated separately and distinctly. J. N. Davidson, president of the Second National Bank, is vice-president of the Dollar Savings Fund and Trust Company. The company is located at 527 Federal street and has a capital of $1,000,000.

—John Poole, formerly cashier of the Commercial National Bank of Washington, D. C., and a banker well and favorably known, has been elected president of the new Federal National Bank, which opened for business at Washington on January 13 with $500,000 capital and over

JOHN POOLE

PRESIDENT FEDERAL NATIONAL BANK WASHINGTON, D. C.

$1,000,000 deposits. N. H. Shea, former vice-president of the Commercial National, holds the same office in the Federal National Bank.

With such an experienced and able banker at its head, supported by an exceptionally strong official staff and a representative board of directors, the success of the Federal National Bank seems assured.

—At the recent meeting of the directors of the Commercial National Bank, Washington, D. C., Tucker K. Sands, vice-

TUCKER K SANDS

VICE PRESIDENT AND CASHIER, COMMERCIAL NATIONAL BANK, WASHINGTON, D. C.

president, was also elected to the cashiership, and James A. Cahill, a director, was chosen to the vice-presidency.

—The Passaic Metal Ware Company of Passaic, N. J., have recently taken posses-

sion of their new factory in that city, said to be the most complete plant in the country for decorating metal.

NEW ENGLAND STATES

Boston

—Arthur M. Alger has been elected a director of the Commonwealth Trust Company to fill a vacancy. Mr. Alger is Judge of Probate for Bristol county, a trustee and vice-president of the Taunton Savings Bank and a director in the Taunton National Bank, the Staples Coal Company, the Massachusetts Real Estate Company, the Corr Manufacturing Company and other corporations.

—F. A. Goodhue has been succeeded as president of the Brookline Trust Company by Ernest B. Dane of Brookline. Albert J. Meserve, Jr., has been elected vice-president.

—One addition was made to the board of directors of the American Trust Company at the annual meeting of the stockholders, in the election of Louis K. Liggett, president of the United Drug Company. Nearly 100 employees of the company have received from President R. G. Fessenden a letter of appreciation of the year's work, and with it a cash gratuity.

—The National Shawmut Bank of Boston, which a year ago inaugurated a pension plan applicable to all employees under the grade of cashier, has made arrangements to insure for the year 1913 all its male clerks who have been in its employ for a given period. The amount represented in the policy is equal in each case to the yearly salary of the insured.

—In accordance with a plan he has been long considering, Hosea Mann, cashier of the Torrington National Bank, Torrington, Conn., tendered his resignation to the directors at their regular meeting held January 6.

Mr. Mann organized the Torrington National Bank thirteen years ago last December and has been its cashier since. By hard work and the introduction of progressive banking methods he has, with the assistance of his associates, brought this bank to a prominent position among the banks of that State. Starting with a capital of $100,000, nearly that amount of surplus has been accumulated and over a million and a half deposits.

—It is said that the Farmers and Mechanics Savings Bank, Middletown, Conn., is to erect a modern building at the corner of Main and College streets.

—Two of Connecticut's largest trust companies located at Bridgeport, have arranged to consolidate. The Federal Trust Company, recently organized by Hosea Mann and Ralph H. Mann, and which includes some of the leading financiers of that State, has arranged to consolidate with the Bridgeport Trust Company.

The old Bridgeport Trust Company now has a capital of $200,000 and about $140,000 surplus and over a million and a half deposits. The Federal Trust Company will bring to the consolidation $300,000 capital and surplus corresponding to the proportion contributed by the Bridgeport Trust Company.

The directors of both banks will be included in one large board. Ralph H. Mann, who is secretary and treasurer of the Federal Trust Company, will be made secretary of the consolidated Bridgeport Trust Company. The present president of the Bridgeport Trust Company, F. W. Marsh, retires, and probably Charles G. Sanford, president of the First Bridgeport National Bank, will be elected president of the consolidated banks.

—The Hartford Trust Company of Hartford, Conn., which changed its dividend payments from semi-annual to quarterly in April, when three per cent. was paid, has declared, in addition to the quarterly distribution of three per cent., an extra dividend of two per cent., both payable January 2 to stockholders of record December 30. The institution has a capital of $300,000.

—Henry L. Wilcox, cashier of the National Bank of Commerce of Providence, was elected a director of the institution on January 16.

WESTERN STATES

Chicago

—Stanley Field and Frank D. Stout were elected directors of the Illinois Trust and Savings Bank, at the annual meeting held recently. They succeed the late William H. Mitchell and W. H. Reid.

—Norman W. Harris has announced his resignation as head of the Harris Trust and Savings Bank because of advanced age. His son, Albert W. Harris, will succeed him.

—A new bank, called the Forest State Bank, has been opened at the corner of Lake street and Franklin avenue, River Forest. The capital of the bank is $50,000 and the surplus $12,500. Its officers are: John W. Broughton, president; Thomas M. Jackson, vice-president; John A. Klesert, cashier.

—George B. Caldwell, president of the Investment Bankers' Association of America, in accordance with authority given him at its recent convention, has appointed a committee on monetary legislation, consisting of the following: John M. Nelson, chairman, Nelson, Cook & Co., Baltimore; J. Selwin Tait, president Washington and Southern Bank, Washington; M. M. Blackner, president of the International Trust Company, Denver; Sol Wexler, vice-president Whitney Central Trust and Savings Bank, New Orleans; Oliver C. Fuller, president Wisconsin Trust Company, Milwaukee.

Messrs. Caldwell, Masslich and Reed of New York have been appointed general counsel of the association, and W. H. Lyon of New York, assistant counsel.

"The privilege of becoming a charter member of the Investment Bankers' Association expired January 1, 1913," said Mr. Caldwell. "A membership from now on will cost $100. Almost all the principal investment bankers are now members."

—The First National Bank recently purchased twenty-one new Burroughs adding machines for use in their "country books department," for ordinary bookkeeping work in connection with their accounts and for making out country statements. This institution believes that the machines will effect a material reduction in the operating costs of the country books department and greatly reduce the amount of bookkeeping labor formerly required in handling the business of this department.

—The directors of S. W. Straus & Co., mortgage and bond bankers, have voted to increase the capital stock of this corporation to $1,100,000. A number of new names have been added to the list of officers.

Simon W. Straus remains president of the company and S. J. T. Straus is now first vice-president. Lawrence F. Stern was chosen second vice-president. The following officers were elected: Secretary, Melvin L. Straus; treasurer, Sidney H. Kahn; manager of the bond department, Nicholas Roberts; auditor, Charles H. Geckler; publicity manager, H. B. Matthews. S. W. Straus & Co. opened an Eastern branch office at 1 Wall street, New York City, November 1, 1912. This house is one of the oldest and best known mortgage and loan bankers in Chicago.

—At the regular annual meeting of the directors of the National Bank of the Republic, held January 14, Thomas D. Allin and Louis J. Meahl were added to the list of assistant cashiers, the promotion in both cases being the reward of merit and faithful service. Both have been with the bank for many years, Mr. Allin latterly in the capacity of discount clerk. He was formerly branch manager for one of the Canadian banks at New Hamburg, Ont. Mr. Meahl entered the bank's employ as a messenger in 1898 and rose through the various departments.

—In the following statement of January 2 the First National Bank continues to show the same strength which has made it

an important factor in the banking of this country:

Assets.

Loans and discounts....	$79,485,151	
Less discount to maturity at 5%	572,228	
		$78,912,923
U. S. bonds to secure circulation		2,009,000
U. S. bonds to secure U. S. deposits		250,000
Other bonds (market value)		6,135,128
National Safe Deposit Co. (bank building) 17,500 shares stock ..		1,250,000
Cash resources:		
Due from U. S. Treas.	$960,450	
Cash and due from banks	46,734,910	
		47,695,360
		$136,252,411

Liabilities.

Capital stock paid in		$10,000,000
Surplus fund		10,000,000
Other undivided profits		1,631,463
Dividend No. 123, payable December 31, 1912		425,000
Special deposit of U. S. bonds....		1,600,000
Circulating notes received	$2,009,000	
Less amount on hand..	......	
		2,009,000
Taxes, 1912		278,112
Deposits		110,308,835
		$136,252,411

Detroit

—The Peninsular State Bank has increased its capital from $800,000 to $1,000,000.

—Henry M. Campbell of the law firm of Campbell, Bulkley & Ledyard, and Francis C. McMath of the Canadian Bridge Company, Ltd., have been elected directors of the Union Trust Company to fill vacancies.

—E. St. Elmo Lewis, advertising manager of the Burroughs Adding Machine Company, was recently elected to serve on the organization committee of the National Conference on Vocational Guidance. The purpose of the National Conference, which includes representatives of the public school, municipal and State employment bureau, etc., is to study the question of making efficient men by determining early the kind of work they are best fitted for and training them along that line.

—William R. Kales of the Whitehead & Kales Iron Works, has been elected a director of the Detroit Trust Company, to succeed the late Ammi W. Wright.

—With a contribution of $25,000 from the past year's earnings the First National Bank has established a pension fund for its officers and employees, numbering more than 160 persons.

—A valuable booklet to those whose work brings them in direct contact with bank detail has been issued by the Burroughs Adding Machine Company. It is by J. A. Ward, assistant cashier Cleveland (O.) National Bank, and is entitled "Reconciling an Individual Account."

Cleveland

—Four Cleveland banks, either in their main offices or in branches, have adopted the Flak finger print system. The Cleveland Trust Company and the Garfield Trust Company use it in the main offices and in four branches each. The Society for Savings and the Pearl Street Savings and Trust Company have adopted it. Not in all of these institutions are all depositors asked to register the impressions of their finger tips. In most of the banks and branches the system is used first in cases where signature identification might be difficult, because the depositor does not write or for other reasons.

—The directors of the Broadway Savings and Trust Company have chosen O. M. Stafford, formerly second vice-president of

the company to the position of first vice-president. Mr. Stafford also has been secretary and treasurer of the company, and he will continue to hold those positions. The directors have chosen A. J. Cook, a charter member of the organization, as second vice-president, and T. S. Grasselli, a director to succeed the late Henry Dippel.

—William L. Ross has resigned as office manager of the Tillottson & Wolcott Company, investment bankers of Cleveland, to open and manage the bond department of the Second Ward Savings Bank of Milwaukee. Mr. Ross will be elected a member of the board of directors of that institution, which has resources approximating $15,000,000.

—New articles of incorporation have been filed by the Broadway National Bank, St. Louis, Mo., to change its organization from national to state, under the name of Broadway Bank of St. Louis. F. E. Cramer, the president, states the reason for this was that a national bank is forbidden to loan money on real estate security, and that they have demands for real estate loans and the bank wishes to be in a position to meet these requirements.

—Louis W. Hill has been elected chairman of the board of directors of the reorganized First National Bank, St. Paul, and other railroad men were named as directors at the annual meeting of stockholders. E. H. Bailey was chosen president.

C. H. Buckley, cashier of the Second National Bank of St. Paul, and Edwin Mott, its assistant cashier, have been elected assistant cashiers of the First National Bank, with which the Second National Bank was merged January 2.

—At a meeting of the directors of the Minnesota Loan and Trust Company of Minneapolis, on February 29, the surplus was increased from $200,000 to $250,000. The capital is $1,000,000.

—What will be one of Iowa's finest bank buildings is soon to be erected at Decorah by the Winneshiek County State Bank of that city. The building will be built of Bedford stone and equipped with every modern device and facility for safely and quickly taking care of its large business.

—A handsome street clock, with four four-foot dials, has been installed by the American Trust Company of South Bend, Ind., at its banking home, corner of Michigan street and Washington avenue in that city.

—W. P. Stamm, assistant cashier of the First National Bank of Cincinnati, was elected president of the Columbia Bank & Savings Company of Cincinnati. Mr. Stamm assumed his new office on January 1. As president of the Columbia he will succeed Charles Nickels, who withdraws from active business because of advancing years.

—The reorganization of the Continental Trust Company, Denver, Colo., under its new ownership has been perfected. The new directors are William E. Hughes, who bought the controlling interest in the company recently; Lafayette M. Hughes, son of the late Senator Charles J. Hughes, Jr., and Richard Peete. Luther M. Beck retired as a director and the number of directors was raised from eleven to thirteen. The only change in the officers is the retirement of President John W. Springer in favor of Mr. Hughes, and the election of Mr. Hughes as a vice-president to succeed Mr. Beck.

—A new building is to be erected by the Colorado National Bank, Denver, at the corner of Seventeenth and Champa streets.

—A controlling interest in the Stock Yards Bank of Commerce, Kansas City, has been obtained by A. H. Waite, president of the Joplin National Bank, Joplin, Mo., and his brother, Charles E. Waite.

vice-president of the Drovers National Bank, Kansas City.

Charles E. Waite retired from the Drovers National January 1, to become president of the Stock Yards Bank of Commerce, succeeding John F. Gillespie, who is chairman of the board of directors in the same institution. A. H. Waite of Joplin also is on the board.

Charles B. Goodell, assistant cashier at the Drovers National Bank, has been elected vice-president of the Stock Yards Bank of Commerce, succeeding Charles W. Bartlett, who retires. A. Newman, formerly a national bank examiner in Kansas, is vice-president of the Drovers National Bank, Charles E. Waite having retired.

SOUTHERN STATES

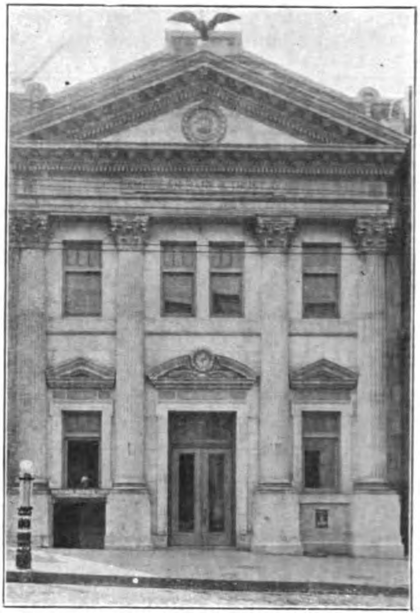
—The Commonwealth National Bank, Dallas, Texas, now occupies its modern new banking quarters.

—H. R. Pollard, Jr., president of the Richmond Bank and Trust Company, Richmond, Va., announces that stockholders have approved an increase in the capital stock from $300,000 to $500,000 that was proposed the early part of January.

—Plans have been completed for the establishment of a new trust company at Atlanta, Ga., to be known as the Union Trust Company. Its minimum capital will be $300,000 and it will seek the privilege of ultimately increasing it to $2,000,000. The company expects to begin business on March 1. It will give special attention to farm mortgages.

—It is announced that the National City Bank, Memphis, Tenn., has taken over the Fidelity Trust Company of that city. This institution thereby gains an extensive real estate loan business.

—A statement of November 26 from the Virginia National Bank, Petersburg, Va., is noteworthy in view of the fact that in addition to a very strong report, the bank in a courteous note calls the attention of the reader to its "strength and capable man-



BUILDING OF THE VIRGINIA NATIONAL BANK, PETERSBURG, VA.

agement" and invites the deposit of funds stating "whether the amount of business you transact is large or small the entire facilities and service of the bank are always at your disposal." The bank's statement follows:

Resources.

Loans and discounts	$1,661,466
Bonds and investments	534,316
Cash and due from banks	322,986
Overdrafts	491
	$2,519.260

Liabilities.

Capital stock paid in	$400,000
Circulation	400,000
Surplus and profits	159,105
Reserved for interest	11,000
Dividend unpaid	315
Deposits	1,548,8[illegible]
	$2.519.260

—A. C. Burchett has been named auditor for the Bank of Commerce, Memphis, Tenn., by the board of directors. He succeeds

George Bone, who resigned some time ago to enter private business. All directors of this bank whose term had expired were re-elected.

—The Republic Trust Company, Dallas, Tex., has purchased the present home of the Guarantee State Bank and Trust Company, paying therefor $275,000. The building is a six-story office structure, of which the ground floor is occupied by the bank. The Guarantee Bank and Trust Company some months ago purchased a site 100x100 feet in dimensions, upon which it is planned to erect a model banking house. The site, or part of it, is at present occupied by a banking house which will serve the bank's purpose until the new building is completed.

—In its statement of December 31, 1912, the Planters National Bank of Richmond, Va., reports surplus and undivided profits of $1,443,790, and a capital of $300,000, with deposits aggregating $6,312,235. This bank is one of the oldest and strongest in Virginia.

—A new bank a week is Georgia's record of prosperity for 1912, as disclosed by the figures compiled by the State Department. There were chartered in the State in 1912 exactly fifty-two new banks and three new trust companies. There were organized forty-four banks with capitals of $25,000, which is the minimum; one with a capital of $40,000, six at $50,000, and one at $100,-000. Three new trust companies were launched, one with a capitalization of $100,-000, one at $150,000, and one at $250,000.

Eleven State banks increased their capitalization a total of $320,000, and three trust companies added $950,000. The total increase in banking capital for the year is $3,460,000.

—Plans have been prepared by the Broadway National of Nashville, Tenn., for new banking quarters that will rank among the handsomest in the South. They will be located in the Cooley building at Third avenue and Broadway, recently purchased by the bank, and which will be remodeled at a cost of $90,000. Italian marble, bronze and mahogany will figure largely in the new offices, and a new vault of the latest type will be installed.

—In its report of January 14, the First National Bank, Richmond, Va., shows capital stock of $2,000,000 and surplus of $1,-000,000, with total assets of $20,487,623, deposits of $14,227,533 and loans and dis-

BUILDING OF THE FIRST NATIONAL BANK, RICHMOND, VA., TO BE COMPLETED ABOUT APRIL 1

counts $14,077,863. It is expected that the completion and occupancy of the bank's splendid new building about April 1 will mark an era of still greater advancement.

—An institution which stands first among the national banks in Virginia, the Merchants National Bank, Richmond, reports excellent condition as of November 26, 1912, having a surplus of $1,000,000 and undivided profits of $130,794, with a capital of $200,000. Its deposits total $6,932,446.

The stock of this bank which has a par

Thomas B. McAdams
THE WELL-KNOWN CASHIER OF THE MERCHANTS NATIONAL BANK, RICHMOND, VA., AND POPULAR PRESIDENT OF THE VIRGINIA BANKERS' ASSOCIATION

value of $100 was quoted at the last sale at $1,000 per share. This is an additional evidence of the institution's soundness and worth.

Among its many prominent officers, all of whom are well known in and out of the "Old Dominion," is the name of Thomas B. McAdams, president of the Virginia Bankers' Association.

—Statements by the five Shreveport, La.. banks, with two associated trust companies, show total deposits at the close of 1912 business aggregating $13,891,993.97. This is

an increase of $2,120,503.95 over the deposits at the close of 1911, a gain of nearly 20 per cent. in twelve months. It means a per capita of wealth, based on a population of 30,000 persons, of something over $447 for every man, woman and child in Shreveport.

—Frank M. Gettys, cashier of the Union National Bank, Louisville, Ky., has been elected vice-president of the institution as a merited reward of his successful administration as cashier, a position which he will continue to occupy.

Mr. Gettys will have another assistant cashier, however, in the person of W. R. Cobb, James H. Mershon having been assistant cashier for some time.

—In its statement of December 31, 1912, the National Exchange Bank of Roanoke, Va., reports a surplus of $300,000, undivided

NEW HOME OF THE NATIONAL EXCHANGE BANK, ROANOKE, VA., NOW NEARING COMPLETION

profits of $36,566, and reserve funds of $100,000, with a working capital of $300,000. Its deposits aggregate $2,976,017.

—It is announced in Atlanta, Ga., that George B. Pendleton has been appointed secretary and treasurer of the Trust Company of Georgia, succeeding John B. Wheat, who has served in that capacity for the past fifteen years. Mr. Pendleton comes from Newbern, N. C., and has assumed active duties at his new post, and Mr. Wheat has opened a new stock and bond firm under the name of John B. Wheat & Company.

PACIFIC STATES

—At a meeting of the directors held January 13, the capital stock of Walker Brothers, Salt Lake City, was voted to be increased from $250,000 to $500,000.

—Salt Lake City bankers are optimistic about the general business prospects for 1913. All indications point to a prosperous year.

—A new bank, called the Farmers and Stockgrowers Bank, was opened January 20 in Salt Lake City on East First South street. With a capital of $300,000, practically paid up in full, and with some of the most prominent business men of the city and State as its officials, the new banking institution gives promise of successful commencement and future growth. Governor William Spry is president, George T. Odell, C. B. Stewart and C. W. Penrose are vice-presidents, Charles S. Tingey is cashier and W. E. Lake and John Stringham are assistant cashiers.

—The new Northwestern National Bank of Portland, Oregon, was organized at the beginning of the year, and pending the completion of its fine twelve-story building will be housed with the Portland Trust Company.

The Northwestern National Bank begins business with $500,000 capital, and will succeed to the commercial business of the Portland Trust Company, the latter organization hereafter confining itself to savings and trust company business.

The officers of the Northwestern National Bank are: H. L. Pittock, president; John Twohy, F. W. Leadbetter and Emery Olmstead, vice-presidents; Edgar H. Sensenich, cashier, and Charles H. Hemphill, assistant cashier. Directors, Mr. Pittock, Mr. Twohy, Mr. Leadbetter, Mr. Olmstead, J. D. Farrell, Charles H. Carey, L. B. Menefee and A. S. Nichols.

This bank will constitute an important addition to the excellent financial institutions of Portland and should further aid in that city's remarkable and solid progress.

—In its financial letter, the American National Bank, San Francisco, says:

Looking back over the events of 1912 and taking as many factors as possible into consideration, it may be stated confidently that the year has dealt kindly with California. In a State so vast in extent, so varied in

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	Name.	Deposits.	Loans and Investments.	Capital.	Surplus and Undiv'd Profits.	Total Resources.	Div. Pct.	Organized.
1.	All Night and Day Bank	$3,725,000.00	$2,770,750.00	$500,000	$196,000.00	$4,500,000.00	..	1906
2.	American Savings Bank	2,925,910.00	2,644,735.00	300,000	162,138.00	3,427,633.00	12	1903
3.	Bank of San Pedro	304,381.36	290,837.03	50,000	17,290.07	376,064.00	16	1888
4.	California Savings Bank	2,872,831.58	2,623,127.10	200,000	65,879.85	3,238,701.42	8	1903
5.	Central National Bank	2,965,200.75	2,130,372.69	300,000	242,778.80	3,649,882.76	12	1907
6.	Citizens' National Bank	11,978,263.54	8,000,236.43	1,500,000	686,414.88	15,196,206.08	12	1890
7.	Citizens' Savings Bank, Hollywood	212,409.10	225,068.00	25,000	7,943.14	249,879.42	8	1906
8.	Citizens' Savings Bank, San Pedro	276,795.96	277,706.69	25,000	11,237.16	315,080.11	20	1908
9.	Citizens' Trust and Savings Bank	3,074,008.84	2,648,714.86	300,000	61,228.90	3,440,861.21	12	1911
10.	City and County Bank	636,673.93	623,310.06	200,000	18,043.16	867,217.11	..	1908
11.	Commercial National Bank	2,731,002.08	2,364,876.81	200,000	73,257.48	3,229,383.95	..	1903
12.	Farmers and Merchants' National Bank	16,659,320.30	10,767,429.57	1,500,000	2,038,673.90	20,798,206.57	20	1883
13.	Federal Bank	530,692.19	482,909.84	50,000	15,106.08	616,657.30	7	1906
14.	First National Bank of Los Angeles	19,734,044.57	16,903,786.37	1,500,000	2,430,178.84	25,061,782.06	.	1880
15.	First National Bank, Hollywood	385,200.00	287,178.39	25,000	16,498.94	406,913.96	8	1905
16.	First National Bank, San Pedro	273,918.72	306,428.37	50,000	10,886.88	401,042.38	8	1903
17.	First National Bank, Wilmington	132,388.14	116,227.74	25,000	6,223.42	192,614.79	8	1909
18.	German-American Trust and Savings Bank	19,707,883.96	18,893,884.39	1,000,000	1,065,700.66	22,038,487.80	20	1890
19.	Globe Savings Bank	2,190,900.24	1,902,126.55	300,000	56,778.15	2,836,578.30	6	1906
20.	Harbor City Savings Bank	160,168.94	172,847.89	25,000	8,886.06	194,506.00	6	1906
21.	Highland Park Bank	206,004.65	190,456.50	25,000	4,400.00	205,715.18	6	1910
22.	Hollywood National Bank	839,968.43	419,363.71	25,000	12,012.98	610,551.00	8	1905
23.	Hollywood Savings Bank	189,868.11	180,693.62	25,000	4,706.33	226,217.70	8	1905
24.	Home Savings Bank	2,647,027.36	2,480,033.60	400,000	62,581.23	3,132,270.00	7	1904
25.	International Savings and Exchange Bank	2,019,642.33	2,012,342.64	300,000	44,997.53	2,381,206.94	6	1905
26.	Los Angeles Hibernian Savings Bank	1,446,001.68	1,309,132.06	250,000	16,308.47	1,712,370.15	6	1910
27.	Los Angeles Trust and Savings Bank	17,911,735.05	16,742,808.23	1,500,000	1,194,300.06	20,605,905.11	8	1903
28.	Merchants' Bank and Trust Company	1,440,000.00	1,420,000.00	250,000	100,000.00	1,830,000.00	..	1900
29.	Merchants' National Bank	9,085,153.14	5,874,683.46	200,000	887,852.48	10,344,617.05	40	1890
30.	National Bank of California	5,727,386.00	4,513,956.00	500,000	306,588.00	7,015,809.00	10	1889
31.	National Bank of Commerce	972,242.92	1,116,902.11	200,000	40,062.00	1,423,964.25	6	1906
32.	Park Bank	1,060,353.75	1,515,525.12	225,000	23,430.56	1,906,784.31	..	1905
33.	Security Trust and Savings Bank	44,580,824.21	37,723,871.81	1,650,000	1,790,237.23	48,023,761.44	18	1889
34.	State Bank of San Pedro	421,335.16	352,250.17	50,300	6,201.76	494,823.64	..	1901
35.	Traders' Bank	1,274,832.96	1,105,875.30	200,000	12,210.87	1,483,252.99	6	1906
36.	United States National Bank	1,212,837.52	940,925.00	200,000	103,929.35	1,772,071.35	8	1905
	Totals, January 1, 1913	$181,869,929.14	$152,093,319.83	$14,284,300	$11,697,141.83	$215,828,122.02		
	Totals, January 1, 1912	152,878,610.33	133,391,677.20	14,268,225	10,157,139.70	183,266,913.93		
	Increase in twelve months	28,990,319.81	18,701,642.63	16,075	1,540,002.13	31,961,208.09		

Los Angeles bank clearings—Total, 1910, $811,367,187.47; total, 1911, $922,914,826.00; total, 1912, $1,168,941,700.02.

Los Angeles postoffice business—Total, 1910, $1,476,941.52; total, 1911, $1,646,001.64; total, 1912, $1,877,526.56.

Los Angeles building permits—Total, 1910, 10,738, $21,684,100; total, 1911, 12,408, $23,004,185; total, 1912, 16,015, $30,453,315.

Los Angeles population (census L. A. City Directory)—March, 1910, 333,789; March, 1911, 357,770; March, 1912, 419,096.

AUTHORIZED STATEMENT OF LOS ANGELES BANKS JANUARY 1, 1913. COMPILED SEMI-ANNUALLY BY STEAMSHIP DEPARTMENT GERMAN-AMERICAN TRUST AND SAVINGS BANK

climate, contour and resources, it is difficult to make generalizations fitted to all situations and localities, but the facts and figures of production show that the year's achievements compare favorably with other years. Both in agricultural and in mining products, new high records were reached in many instances, and the total output was much above the average.

While reviewing the past with satisfaction, the mind of San Francisco is more eagerly turned upon the future. With the underlying conditions forming a solid foundation, the next year and the next will be a time of preparation for the new era which is expected to follow the opening of the Panama Canal, and for the Exposition which is intended fittingly to celebrate that epochal achievement. Big projects are under way and in contemplation, and the belief is general that the Pacific Coast States are about to enter upon the greatest period of development in their history. The splendid agricultural returns, combined with a large excess of exports over imports, give assurance of spending power and reasonable prosperity for another year at least.

—On December 31 the Security Trust and Savings Bank of Los Angeles reported $44,-580,824.21 deposits, the bank having no city, county, State or public funds of any kind. There are more than 83,000 open accounts. In 1912 depositors received $1,-327,165.89 in interest. Total resources have grown from $16,664,780 in 1907 to $48,029,-760.28 in 1912.

—One of the exceptionally few women holding such a high position of honor and trust is Miss Eva Coolidge, recently elected president of the Coolidge-McClaine Bank of Silverton, Ore. Miss Coolidge is a progressive business woman.

—As reported by the San Francisco "Chronicle," the German Savings and Loan Society of San Francisco has had in force for over two and one-half years a system for pensioning employees of the bank who have become incapacitated through sickness or old age. Several of the other San Francisco banks are contemplating inaugurating a similar system. Other banks in that city, while not having a generous pension system, are carefully looking after the welfare of old employees who are no longer able to work.

—A modern bank building is to be erected by the Puget Sound Savings Bank, Tacoma, Wash.

—Allen H. Reynolds, vice-president of the First National Bank of Walla Walla, Wash., has retired from the banking business, and started farming, having purchased over thirty-two hundred acres of wheat land for a consideration of $100,000.

—It is said that bankers of Los Angeles are interested in the ostrich feather commerce of California. This is reported to be advancing into a very profitable industry.

CANADIAN NOTES

—Thirty-two branch banks were opened in December by Canadian chartered banks, and eleven branches were closed, making a net gain of twenty-one branches. The Union and the Royal were to the front in establishing branches that month, each of them having opened ten. The total number of branches now operated by Canadian banks is 2,885.

—A branch of The Canadian Bank of Commerce has been opened at Port McNicoll, Ont., under the temporary management of Mr. J. P. Taillon.

—To fill the vacancy caused by the resignation of C. B. Gordon, W. A. Black has been elected a director of the Molsons Bank, Montreal. W. M. Birks has also been elected as a director to succeed the late W. M. Ramsay.

—La Banque d'Hochelaga of Montreal, has determined to increase its capital stock to $4,000,000 by issuing $1,000,000 new stock, which will be offered to the shareholders at $150, payable in ten per cent. monthly instalments.

—C. G. Pennock will assume the general managership of the Bank of Vancouver about the middle of March.

—The Merchants Bank of Canada are remodelling their bank and office building in St. John, N. B.

—Directors of the Bank of Montreal declared a bonus of one per cent. in addition to the regular quarterly dividend of two and one-half per cent. to stockholders of record October 31. A like bonus was declared on June 1 last, thus making twelve per cent. for the year.

—After twenty-three years' service, A. Stikeman retired at the end of January as general manager of the Bank of British North America. His action was prompted by ill-health. H. B. Mackenzie, superintendent of branches, has been appointed to succeed Mr. Stikeman in the general managership.

—A branch of the Canadian Bank of Commerce has been opened at Moncton, N. B., under the management of W. H. Lugsdin.

—Messrs. Farquhar Robertson, G. L. Cains and Alfred B. Evans have been elected as the new directors of the Merchants Bank, the number of directors being increased from nine to twelve.

—Assets of the Bank of British Honduras, Ltd., have been purchased by the Royal Bank of Canada. The bank has operated in Belize since 1903, and has a capital of $100,000. The average dividend paid since its incorporation is twelve per cent. The stock has advanced to two hundred and thirty, at which figure the purchasing bank makes public the transfer. The Royal Bank has thirty branches in the West Indies and in British Honduras. R. L. Huestis has been appointed manager of the Royal Bank in Belize.

—At the recent annual meeting, two additional Montreal directors were added to the board of the Canadian Bank of Commerce, H. J. Fuller and F. P. Jones.

—J. A. Vaillancourt has been elected president of La Banque d'Hochelaga. He has been long in business as a wholesale merchant in Montreal and has acted as a councillor of the Montreal Board of Trade since 1909. He was president of the Montreal Produce Association in 1909, and is also president of the St. Hyacinthe Dairy School and of the Nationalist Newspaper Company. Although active in organizing the Citizens' Association of Montreal, he has always declined municipal and political preferment. Mr. Vaillancourt has been interested as a director of La Banque d'Hochelaga for many years.

—The Bank of Montreal has secured premises in Waterloo Place, Pall Mall, London, Eng., where it will shortly establish a branch.

—Alexander Laird, general manager of the Canadian Bank of Commerce, has been elected to the board of directors on the Imperial Life Assurance Company.

—A branch of the Canadian Bank of Commerce has been opened at Pandora avenue and Cook street, Victoria, B. C., under the temporary management of R. S. Ross.

—A branch of the Bank of Montreal was opened at Dauphin, Man., on January 11, in charge of F. C. Cummins, with the title of acting manager.

—There has been a branch of the Bank of Nova Scotia opened at Dalhousie, N. B.

—The report is current in Ottawa that an application is shortly to be made to the Dominion Parliament asking for a charter for the Bank of Edmonton, with headquarters in that city, capital $2,500,000. A provisional board of directors is now at work, with the corporation's solicitor, and it is said that already a considerable portion of the stock has been subscribed. The bank is being organized by prominent local business men, while leading British capitalists have been approached and are interested in the undertaking. At present there is not a bank with headquarters in Alberta, though two such exist in Saskatchewan.

COMPTROLLERS OF THE CURRENCY, 1863-1913.

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR MARCH 1913 VOLUME LXXXVI, NO. 3

Historical Sketch of National Banking

Forces Which Shaped the Enactment of the National Banking Law and Which Still Exercise a Strong Influence on the Country's Banking and Financial Policy

BANKING in the United States is a difficult subject for historical treatment; its phases are so complex, the variety of systems so great and the number of units making up the whole system so far beyond those of any other country in the world, that an intelligent and comprehensive consideration of American banking has been found hardly possible within the limits of a volume—clearly impossible within the space of an ordinary magazine article.

This being true, we have in the following narrative attempted no consecutive account of the legislative history or of the actual development of national banking. Others, far more capable for the task, have outlined this history and development.

But after a half-century of the existence of numerous independent banks chartered under the authority of the Federal Government, during which time, although operating under severer restrictions than those usually applicable to the competing State institutions, they have developed to a stupendous total of resources, it seems well to examine the sources from which our present national system of banking sprung and the principles by which it has been guided.

In a democracy wealth not alone excites the envy of those who are not its possessors, but invites the attacks of those who seek to gain power by inciting hostility against it. While with rare exceptions great American fortunes have never belonged to bankers, and while almost any bank after paying all its debts to depositors would have very little left, there are numerous banks whose balance-sheets bulk large and that are held in public estimation to be the repositories of vast stores of wealth. People take little trouble to inquire what these large figures mean. Investigation would show that by far the greatest portion of the seeming prosperity of a bank is contributed by its depositors; that if the bank were placed in liquidation, the most of the assets would go toward paying the claims of those who have deposit credits. In brief, that the amount which any bank owes its shareholders, the apparent owners, is negligible.

Familiar as are these facts to those who have given thoughtful attention to banking problems, they make but scant

impression upon the public mind, which yields readily to the imputation of the demagogue that banks are oppressors of the people and the willing and forceful instruments by which great and powerful captains of finance execute their sinister designs against the public welfare.

Curiously enough, this attitude of public hostility is almost never against any bank in particular; rarely does it obtain toward the banks of a community or even of a State. Public clamor could not successfully be invoked in dealing with the banks of a specified locality. Even within the confines of State lines it would be difficult to make a successful appeal to political hostility toward the banks.

This state of affairs explains why individual banks have grown: they are trusted by those who deal with them, and are not regarded as instruments of oppression, but as powerful agencies in the upbuilding of wealth and in the creation of prosperity. It explains also why legislation in the several States has been far more liberal toward banks than the Federal enactments have been.

The feeling of antagonism toward banks is purely political, and national rather than local. It expresses itself less in open declarations of hostility, in specific assertions whose falsity might easily be shown, than in innuendoes, in generalities and in widespread and wholesale denunciation.

We do not seek to account for this attitude of the public mind toward the country's banking system. If justified, the causes of complaint should be eradicated, and as the people own the banks and control the State and Federal legislatures, the remedy, if one is needed, is in their own hands.

But any review of our banking history, or any attempt to forecast the future, which excluded this latent hostility toward banking as an element in the problem, would be of little value.

The statesmen of the Civil War epoch were alive to its importance, and in formulating the financial policy that was to assist the nation through this perilous period of its career, they gave full weight to the inborn American predilection against concentrated banking power, and instead of establishing a powerful bank of issue, which might have been of inestimable service in steering the lumbering ship of state through the stormy waters, and whose currency based upon commercial transactions and gold might have stayed the ruinous rise in prices and vastly reduced the war outlay, they deliberately committed the country to a system of small scattered banks and to the shifting sands of Government paper currency. The policy then decided upon has continued to dominate the banking situation for the past fifty years. All attempts to substitute a bank currency for Government paper have proved futile, and the recent movement toward the union of the banks under a powerful central head seems to have met with defeat.

No subject connected with the Civil War finances has been more fiercely debated than this departure from what many regarded as sound financial policy in refusing to depend upon the banks and in resorting to the issue of legal-tender Treasury notes. Yet the latter policy was not the one originally contemplated by Secretary Chase and others who had the shaping of the finances of the war. Mr. Chase in his report for 1861 had recommended a system of national banks with note issues based upon the public stocks, and Mr. Spaulding had been asked to draw a bill to carry out this recommendation. He fulfilled this duty, but before the measure was introduced in the House it became evident that it could not be enacted in time to

be of service to the Government in the dire straits in which it was then placed. A section of Mr. SPAULDING's bank bill providing for the incidental issue of Treasury notes was substituted for the banking bill and, in a form slightly altered from the original draft, became a law.

Without going at length into the details of this important incident in the country's financial history, light may be thrown on the matter by quoting from three of the eminent authorities of the time—Mr. SPAULDING, Mr. SHERMAN and Mr. McCULLOCH.

In his introduction to the "Financial History of the War," page 1, Mr. SPAULDING says:

"The first material mistake in the management of the finances occurred when Secretary CHASE discarded the use of the bank check and the clearing-house in the fall of 1861. The Secretary of War might, with the same propriety, have rejected the railroad, the locomotive and the telegraph. The modern invention of the bank check and the clearing-house for the transaction of large financial operations with facility are quite as useful as are railroads and telegraphs in carrying on military operations with success. The Secretary of War did not fail to make use of the railroads and the telegraph, but the Secretary of the Treasury, by sticking to the Sub-Treasury, and rejecting the bank check and clearing-house, committed a great blunder at the commencement of the war. This mistake occurred under the following circumstances:

"Two important loan acts were passed at the extra session of Congress in July and August, 1861. The first act was approved July 17 and the second August 5. By section six of the last-mentioned act, the Sub-Treasury Act, passed in 1846, was so far suspended as to allow the Secretary of the Treasury 'To deposit any of the moneys obtained on any of the loans now authorized by law, to the credit of the Treasurer of the United States, in such solvent specie-paying banks as he may select;. and the said moneys, so deposited, may be withdrawn from such deposit, for deposit with the regular authorized depositories, or for the payment of public dues, or paid in the redemption of the notes authorized to be issued under this act, or the act to which this is supplementary, payable on demand, as may seem expedient to or be directed by the Secretary of the Treasury.'

"The primary object, which Mr. APPLETON and myself had in view, in preparing this section, was to relax the rigid requirements of the Sub-Treasury Act, in regard to the ceceipt and disbursement of coin, and instead of paying solely from coin deposits in the Treasury, to allow all the money obtained on these loans to be deposited in solvent banks; the United States Treasurer to draw his checks directly on such deposit banks in payment of war expenses, which checks would be paid in State bank notes then redeemable on demand in gold, or in the ordinary course of business, to a large extent, they would pass through the New York Clearing-House, and the clearing-houses of other cities and be settled and cancelled by offset, without drawing large amounts of specie. This mode of payment would have enabled the Secretary more easily to effect such loans, and make his large disbursements, without materially disturbing the coin reserves held by the banks, which were then well protected by these reserves in their vaults.

"This mode of making the disbursements for the large war expenses was regarded by me at that early period of the war as of vital consequence to the stability of the finances of both Government and people; hence the preparation

and adoption of the sixth section of the Act of August 5, 1861, giving the Secretary of the Treasury discretionary power to suspend the Sub-Treasury Law in respect to these loans.

"After the battle of Bull Run, which occurred on the twenty-first day of July of that year, the necessities of the Government in clothing, arming and feeding troops—in providing munitions of war and building a navy—became so urgent that the banks in New York, Boston and Philadelphia most patriotically came forward and made arrangements in several negotiations with Secretary CHASE, to loan the Government $150,000,000 under the provisions of the two loan acts passed at the extra session. Of this sum $105,000,000 was apportioned to the associated banks in the City of New York, payable by installments. The banks were then in good condition, transacting their business on a specie basis, and paid coin for all balances at the clearing-house, and redeemed their circulating notes in coin, and the loan to the Government was made with the expectation that the money would be deposited in the banks, and be checked out under the direction of the Secretary, in pursuance of the sixth section above referred to. The Secretary of the Treasury refused to use the discretionary power conferred upon him by that section, and would not check on the banks for the expenses of the war, so that current bank notes could be paid or balances settled through the clearing-house, but insisted that the banks should pay the money loaned into the Sub-Treasury in gold or gold Treasury notes, and from thence it was distributed for war purposes and scattered in different parts of the country. By far the greater part of this loan was paid in gold coin, taken from the reserves of the banks, commencing on the nineteenth of August, 1861. This unnecessary mode of requiring the payment of the loans so weakened the banks that it brought on a general suspension of specie payments during the last days of December, 1861. Notwithstanding the banks commenced making advances to the Government about the nineteenth of August, 1861, yet none of the securities to be issued by the Government for the loans were turned over to them until the fourteenth of January, 1862.

"The banks having been committed to making the loans, and having made partial advances on account of the same, were obliged to complete the loan notwithstanding the Secretary of the Treasury deemed it incompatible with his views of duty, and the traditions of the Sub-Treasury Law, to use such banks as disbursing agents of the Government even under the extraordinary exigency under which the loans were made. The call upon the banks for payment into the Government depository of the remaining installments of the loan, either in coin or gold Treasury notes, was persistently urged by the Secretary until the final closing of the transaction on the third of February, 1862.

"This was the first material mistake of the Secretary of the Treasury, and was the first step in the wrong direction, which, combined with other important events, led to the necessity of passing the Legal-Tender Act.

"The Secretary, in breaking the banks, at the same time broke the Sub-Treasury, and both were discredited together."

Mr. SHERMAN in his "Recollections," page 269, says:

"The Secretary of the Treasury had ample and complete authority given him by the Act of July, 1861, to borrow money on the credit of the Government, but he could not deal with the system of State banks then existing in the several States. He was forbidden by the Sub-Treasury Act of 1846 to receive notes of State banks, and was

required to receive into and pay from the Treasury only the coin of the United States; but by the Act of August 5, 1861, he was permitted to deposit to the credit of the Treasurer of the United States, in such solvent specie-paying banks as he might select, any of the moneys obtained from loans, the money thus deposited to be withdrawn only for transfer to the regularly authorized depositories, or for the payment of public dues, including certain notes payable on demand, as he might deem expedient. He had, however, no authority to receive from individuals or banks any money but coin.

"The only coin received from the Boston, New York and Philadelphia banks, in payment of their subscription to the Government loans, to the amount of nearly $150,000,000, had to be sent to every point in the United States to meet public obligations, and when thus scattered was not readily returnable to the banks, thus exhausting their resources and their ability to loan again."

Mr. SHERMAN is very positive regarding the necessity of the legal tenders as a war measure. In his "Recollections," page 281, he makes this statement:

"The Legal-Tender Act, with its provision for coin receipts to pay interest on bonds, whatever may be said to the contrary by theorists, was the only measure that could have enabled the Government to carry on successfully the vast operations of the war."

HUGH McCULLOCH, the first Comptroller of the Currency and twice Secretary of the Treasury, in his "Men and Measures of Half a Century," page 135, has this to say of the failure of Secretary CHASE to make use of bank checks in disbursing Government funds:

"For a considerable time, even after the war had begun, the specie standard was maintained, and hopes were indulged that the war might be prosecuted on a specie basis. These hopes were dissipated by the action of Secretary CHASE in his dealings with the New York, Philadelphia and Boston banks, which had agreed to advance to the Government on its 7.3 notes $150,000,000 ($50,000,000 in August, $50,000,000 in October and $50,000,000 in November, 1861) under the expectation that the Treasury drafts for the money would be presented through the clearing-houses and be paid without large reductions of their coin. The Secretary did not, however, feel at liberty to meet their expectations, and the drain upon their coin reserve soon became so heavy that they were forced to suspend specie payments. Their suspension was soon followed by the suspension of nearly all the banks in the country."

In view of the restrictions of the Sub-Treasury Law and the lack of any cohesive banking system at the time, the disposition of some writers to hold Secretary CHASE alone responsible for the failure to carry the war through on a specie basis hardly seems warranted.

But however this may be—whether the blame arose from bad administration or bad laws—its real origin lay in that political distrust of banks which long antedated the Civil War epoch and which prevails to-day, forming the animus of the "money trust" investigation and provoking inflammatory newspaper outbreaks over the offering of local bonds to a syndicate of bankers in New York. It was this spirit that caused two political parties in the last national campaign to declare openly against a plan of financial and banking reform believed to have been proposed chiefly by bankers, while a third great party, though believed to lean toward the measure, dared not favor it openly. A reflection of this strange prejudice cropped out only the other day in a letter from the new President of the Republic, almost petulantly protesting

against what he regarded as a disposition on the part of the public to pay too much heed to the opinions of bankers in formulating a new monetary and banking system.

In no other field of endeavor is the advice of men of experience and skill looked on with suspicion or rejected altogether. We select the best sanitary engineers to preserve the purity of the water supply and to guard against the dangers of pestilence; our buildings are designed and built by architects of the highest reputation; the distant parts of the earth are brought together and the dark places made light by electricians whose powers are almost magical; the physician who is summoned in the hour of sickness must first have qualified himself for his duty by long study and experience; the teacher who instructs our children must himself have knowledge of what he teaches; but when we come to construct a currency and banking system, the man of experience is not wanted, and we turn for counsel to the nearest cobbler and to the philosopher of the cornfield.

This trait has persisted in our financial history ever since the adoption of the Federal Constitution. It seems ingrained in our national character. Hardly had the first Bank of the United States begun its career when this prejudice developed, culminating in the overthrow of this excellent institution erected by the genius of ALEXANDER HAMILTON. When the bill for rechartering was up in Congress the bank was denounced by members as "a viper that will spread its venom on the land and finally affect the vitals of our country," it was declared to be "a cancer upon the body politic," threatening the country's independence and was "considered a great swindle," and "its stockholders a moneyed aristocracy, a privileged class."

After the expiration of the charter of the first Bank of the United States in 1811 the country was dependent upon the existing State banks, which were neither numerous nor strong, until 1817, when the second Bank of the United States got under way. The hostility called forth by the first great Federal financial institution was as a spring zephyr compared with the angry storm that soon began to beat against its prototype, finally destroying it, carrying down in the ruins HENRY CLAY, a political idol of the time, and contributing greatly to the fame of General JACKSON, to whose fiery onslaughts the bank owed its destruction. JACKSON accurately measured the sense of hostility in the public mind against a bank of large powers, and he used this sentiment adroitly and effectively in waging his successful attack upon the bank.

When the Civil War burst upon the country in 1861, with its urgent demands for immense sums of money to be used in reëstablishing the Federal authority in the seceded States, no doubt the statesmen of the time would gladly have summoned to their aid the assistance of a huge Government bank had such an institution been practicable. They were, many of them at least, familiar with the financial history of this and other countries, and must have known how serviceable such an institution would have been to the country in that trying time. But they were less than a generation from the day when the second United States Bank had succumbed to popular hostility. They knew of the failure to establish another bank of similar type, and the commitment of the Government to a policy of locking up the public funds in the Treasury vaults, or as a British statesman has said, of putting the public moneys in a box and sitting on it, and they realized that even the country's peril would not induce the people long to forego their objections to a centralized banking institution. Although the great Whig leader CLAY had

been the foremost champion of the Bank of the United States when JACKSON was fighting it, and although LINCOLN himself had at one time in his career strongly declared in favor of a Government bank, the statesmen upon whom devolved the duty of fixing the banking and financial policy of the Civil War period made no attempt to establish a central bank. From an economic standpoint this may have been an error, but from the standpoint of practicability, of which they themselves were perhaps the better judges, who can say that they did not make the wisest decision possible under all the circumstances?

When CHASE, as SPAULDING said, broke the banks and the Sub-Treasury at the same time and discredited both, an urgent necessity arose for strengthening the weakened credit of the country. It soon became apparent that the issue of legal-tender notes alone would not suffice, as the frightful depreciation of these forced instruments of credit foreshadowed a time when they would approximate to the same degree of worthlessness reached by the Continental currency in the struggle for independence, and made it incumbent upon Mr. LINCOLN's financial advisers to devise some efficient means for holding this depreciation in check by a resort to the borrowing powers of the Government. The precarious situation in which the country was involved injuriously affected its credit abroad, and made it desirable, if bonds were to be sold in large volume without ruinous depreciation, to create a home demand for them. The device of using the public debt as a basis for currency issued through banks was an old one. It had been proposed by HAMILTON who when asked by WASHINGTON, "What is to be done with our terrible debt?" answered, "Bank on it as our only available capital, and the best in the world." Many of the States had tried the experiment of chartering banks to issue currency against a pledge of State stocks, often with disastrous results. There were other States—of which New York was a conspicuous example—where the banking laws were good and the banking system sound. It is well known that the law of the State named was relied on largely in framing the act creating the national banking system.

More than two years before the bill providing for the organization of national banks became a law the banks of the country had suspended specie payment, not to be restored again until 1879. The effect of this suspension was to link the national bank notes to the legal tenders, in which they were redeemable, rather than to gold. Of course, the bank notes were no better and no worse than the money in which they were payable. They were not as good as gold, but neither were the legal tender-notes, the latter and the bank bills substantially keeping together as compared with gold.

In reality, though nominally issued by banks and bearing on their face the name of the bank emitting them, the national bank notes are Government paper money. They are secured by bonds of the United States, deposited with the Treasurer at Washington, in which city they are redeemed in lawful money, and though the law provides for redemption of the notes at the counters of the issuing banks this is almost totally unknown in practice. They are not redeemed through the clearings as are the notes of the Canadian banks. The Government guarantees the payment of the notes, running no risk whatever in so doing, since it always has in hand an amount of its own securities equal to the face of the notes issued. By exacting a pledge of securities equal to the notes emitted, the Government gives a practical illustration of that popular distrust of banks which prevails in this country.

No one now contends that any such rigid exaction is necessary to secure the notes, for a small fraction of the modest tax on bank circulation would of itself afford ample surety for the payment of the notes of banks that fail, even without any bond security whatever.

This same Governmental distrust of banks in regard to notes applies to the deposit of public funds in the banks. As a preliminary to such deposit, the Government requires the pledging substantially of an equal amount of United States bonds, taking no chances whatever with associations of its own creation and under its constant official espionage. The people, dealing with the banks individually, entrust to them many billions in the form of deposits, without requiring any pledge of security, illustrating what has been said, that the distrust of banks is political and not individual. Failure to use the banks freely as depositories and to check against the funds so deposited has caused serious derangement of the money market at various times and has been a costly policy otherwise, a recent calculation showing that by keeping large sums unnecessarily locked up in the Treasury the Government has lost over $36,000,000 in interest which might have been received had the surplus funds been deposited in banks at a moderate rate of interest.

Devised as the national banking system was to give the country sound and uniform currency and to aid in replenishing the Treasury, it must be said that it hardly succeeded in either of these aims. The national bank currency has been of uniform value and a vast improvement on a great deal of the State bank circulation which it displaced, but it has through its inelasticity developed serious defects, making it at least an open question whether the country would not profit by its gradual withdrawal and cancellation. In so far as the new banking system was relied on to furnish currency during the Civil War, the result was not very satisfactory. When the war closed the national bank notes were in the neighborhood of $100,000,000 in amount—only a small fraction of the loans placed to carry on the war. Had the channels of circulation not been so well supplied by legal-tender notes, the national bank notes at the close of the war would have been much greater in volume. After the war, when the Government was still for a long time heavily in debt, the national banks were of immense help in sustaining the public credit.

But it is as a system of discount and deposit banks that the national associations have won their greatest success and established themselves firmly in the public confidence. It was, of course, one of the aims of Secretary CHASE to supplement the somewhat inharmonious State banking systems then existing with something having at least uniform laws to govern them and all watched over from Washington, yet he could hardly have foreseen how surprisingly large proportions the national banks were to attain through discount and deposit operations in the first half-century of their existence.

Marvellous as has been the record of national banking growth, it might easily have been much greater had Congress enlarged the functions of the banks, thus forestalling the rapid rise of the trust company and the tremendous accretions of deposits in savings banks. Here, again, the fear that an enlargement of the powers of the national banks would be construed as a grant of favors to them, and made the subject of successful political attack, deterred the national legislature from so widening the functions of the banks as to make them capable of meeting all the banking requirements of their respective localities and thus effectually

limiting competition from State institutions. Indeed, the opportunity was present twenty years ago to so amend the National Banking Act as to make it reasonably certain that the vast majority of the banks of the country would have come under the Federal law for their own profit. But the ghost of political hostility cast upon Congress the shadow of fear, and little was done to adapt the national banking system to the tremendous increase in the country's wealth and population. State legislatures were restrained by no such phantoms, and they gradually widened the scope of permissible banking powers, finally providing for a system of banks that can perform many functions denied to national banks. Within the well-defined limits of their powers, which have been but little enlarged in the last fifty years, the national banks have grown in numbers and resources, exhibiting remarkable vitality, but they have been outstripped by the State banks and their rate of growth in recent years has been far behind that of the trust companies, their most powerful competitors. To overcome the restraint imposed upon them by the indisposition of Congress to enlarge their powers, the national banks have in many cases organized trust companies, often operating them as affiliated institutions, and not infrequently under the same roof as the national bank.

Bills have been prepared looking to the enlargement of the powers of national banks, permitting these institutions to add to their ordinary commercial functions those of trust companies and savings banks, but these bills yet await the sanction of Congress.

The State banks and trust companies now largely outnumber the national banks, and they will hardly welcome the latter into their field as competitors. Obstacles to the enlargement of the powers of national banks were much less formidable twenty years ago, before the competing institutions, particularly the trust companies, had become so numerous and powerful.

A rapid survey of the country's banking history will show that in 1811 the first Bank of the United States fell a victim to political hostility; that in 1836 the charter of the second Bank of the United States expired, and that an attempt to renew the charter was defeated on political grounds; that at the outbreak of the Civil War no effort was made to create a central bank and that Government paper money, in the form of legal tenders and bank notes, was for the first time permanently injected into the circulating medium, and a system of numerous small independent banks was erected under Federal authority; that Congress has steadily refused to enlarge the powers of national banks so that they might more effectually compete with State institutions, and has even ignored the recommendations of practically every Comptroller of the Currency for simple administrative changes in the National Bank Act that would make for more efficient supervision. Fortunately, from the beginning the regulatory sections of the National Banking Act were such as to insure a high degree of safety in the management of the banks, and this has been supplemented by watchfulness on the part of those who have successively been at the head of the Comptroller's Bureau.

Few other features of the National Bank Act have received as much attention as has been bestowed upon the method of note issues. As already stated, the device of using the debt of a country as a basis of note circulation is an old one. Within certain limits it works well enough, just as within certain limits a government paper currency of any other kind, made legal tender and even if irredeemable in coin, will answer the demands for a circulating medium. But beyond these limits

a government paper currency of any kind reveals its defects. During the war the shortcomings of the bond-secured bank notes were obscured. The demand for currency seemed unlimited, and as soon as the banks got fairly under way they were able to supply this demand, the price of the bonds on which the currency was based being very low. This condition was not substantially altered for many years after the war. When the issue of legal tenders ceased, and there was a decline in their volume from a maximum of $449,338,902 January 3, 1864, to the present figure of $346,681,016 at which point the amount of notes has remained stationary since the Act of May 31, 1878, forbade their further retirement, the national banks were the only source of increased currency supply, specie payment being suspended. The great revival of business following the close of the war seemed to call for all the currency the banks furnished, but after 1878 the renewal of silver coinage and the purchase of silver by the issue of Treasury notes, particularly the latter policy, gradually revealed signs of monetary congestion. But the striking defect of the inadaptability of the bond-secured currency to meet the needs of expanding business was shown in the early nineties, when the prosperity of the country seemed to have reached a point never before attained, the wealth, population, commerce and industry of the United States having grown at an unparalleled rate, while the bank note circulation, in the face of this expansion, steadily declined to its lowest point. This condition was due entirely to the gradual extinguishment of the public debt and the rise in the price of the constantly narrowing margin of bonds outstanding. When occasion arose, as it did soon after, to make fresh issues of bonds and to refund a large portion of the debt into securities bearing a lower rate of interest, the price of bonds suddenly and sharply fell, while the national bank circulation quickly rose to a point never reached before. This sudden rise was due less to any corresponding augmentation in the demand for currency than it was to the rapid drop in the prices of United States bonds. The circulation did not, because it could not, expand to meet rising business, owing to the high price of bonds, but when the price of bonds fell the circulation rose rapidly even in the face of declining business. There has never been any corresponding addition to the national bank circulation to meet increased seasonal demands for currency, and when industry and trade have lagged the circulation has not infrequently kept on growing in volume. The inherent defects of a bond-secured circulation have been greatly aggravated by the fact that there never has been any true commercial redemption of the national bank notes.

Soon after 1890 thoughtful bankers and financial experts began to direct the attention of the country to the defective character of the bank-note circulation. At first the matter received but lukewarm attention from bankers and the business public at large, but the campaign of enlightenment gradually spread, and in the Act of May 31, 1908, providing for the issue of an emergency currency, limited recognition was given to commercial paper as a suitable basis for the issue of the circulating notes of banks. Later measures for reforming the banking system of the country, proposed in Congress, have almost invariably given recognition to the correctness of this principle and have provided, in some cases, for the retirement of both the bond-secured bank circulation and the legal-tender notes, these forms of currency to be supplanted in the first instance by bank notes based upon coin and com-

mercial paper and in the second case by gold certificates.

The propriety of using the public debt as a basis for a country's bank-note currency is no longer seriously maintained. It is an exploded theory, like the free and unlimited coinage of silver at the ratio of sixteen to one.

Until recent years discussion of banking problems has concerned itself almost wholly with the method of issuing circulation, although with the extension of deposit banking and the growing use of checks the note issues have declined in importance. Elasticity is the thing declared to be chiefly needed in the currency of the country, and in nearly every instance it has been sought to impart this element by providing for a huge addition to the bank-note circulation. The Act of May 31, 1908, provided for the issue of half a billion of emergency notes, and these notes were actually printed and stored in the Treasury at Washington. There have been times when their use would have been of some service (as in the fall of 1912 when there was a heavy temporary demand for currency on account of the extraordinary agricultural output), but as the issue of these notes was subject to a heavy tax and so hedged about by restrictive provision that no bank dared to apply for them, fearing that if it should such action would be interpreted as a sign of distress if not of insolvency.

The plan formulated by the National Monetary Commission, while it provided for note issues on a sound and scientific basis, went far beyond the limits of the great European banks in the permissible volume of notes and opened the door to widespread and perhaps dangerous expansion by making these notes—which were partly credit instruments themselves—a legal reserve for other banks.

Lack of elasticity in the bank circulation is due to the character of the security, to the absence of commercial redemption of the notes and to other factors.

Elasticity of credit, which transcends in importance the flexibility of note issues, finds hindrance in the fixed character of much of the country's currency—$700,000,000 in bank notes, $500,000,000 in silver and $300,000,000 in legal-tender notes—over one and one-half billions of fixed circulation, practically unvarying in seasons of prosperity or of dull business. While theoretically the bank notes are not available as reserves, in practice they are so employed to a large extent, even by the national banks. Substantially, the only elastic element in the country's reserve money at present is gold, which is increased in volume by production and imports, and decreased by exports or by lessened production. While this lack of elasticity is recognized, the remedy most commonly discussed for supplying it is to provide for the issue of more bank notes, to be used as reserves. Little thought seems to have been given to the benefits which might flow from a change in the character of the reserve money so that it would consist entirely of gold or gold certificates. Agitation for a central bank of rediscount has revealed the fact that many bankers believe that there would thus be created an unfailing gold reserve, an inexhaustible fountain of credit to which the overloaded bank might repair with results as magical as those dreamed of by Ponce de Leon when he sought the fabled fountain of youth.

This craze for more and more paper money and for more and more credit facilities—the former not adequately backed by coin, the latter not representing accumulated capital—illustrates a striking phase of the country's progress, the desire to forge rapidly ahead, impatient of the restraints that would seek to confine the advance within prudent bounds. To meet this demand—

and it has been next to impossible to resist it—the banks have of late years kept their loans close to the limits prescribed by law and have multiplied their liabilities in proportion to capital to an extent that at one time would have caused apprehension.

Perhaps no phase of the country's banking development has excited greater interest than the attempt of the central reserve city banks—those of New York especially—to fulfill the dual functions of central reserve agents and investment banks. It is hardly passing judgment but rather recording an obvious fact to say that the two functions have been found incompatible, equipped as the banks are at present. The vast growth of the country in wealth and in banking resources and the multiplication of banks have placed heavier and heavier obligations upon the New York banks as reserve agents, while the tremendous addition to the volume of corporate securities that must be marketed has vastly added to the call upon the banks in aiding to carry on financial operations. Adequately to discharge the functions of reserve agents under the changed conditions that have come about in recent years owing to the increase in the size and number of correspondent banks, the central reserve city banks need large capital, and if they are to meet the sudden and heavy calls to which they may at any time be subject, they must keep a large margin of reserve. They ought to be in a position to rediscount and the right to issue their credit notes would be of great service to the business world. While there has been consolidation of banking to a limited extent, no institution has as yet been set up whose resources would give it leadership and a commanding position as a reserve bank. Considering the obvious advantages of an institution of such magnitude, it must be regarded as remarkable that it has not developed either as a new organization or as a consolidation of existing banks. The desire of the powerful banks to maintain their identity and the public prejudice against any consolidation that would result in the establishment of a bank of commanding influence have operated as retarding forces against what otherwise might have come as a natural banking development.

Bankers have not been exempt from the tendency of the American people to rely upon the legislature to correct faults which might easily be remedied by concerted individual initiative. There is no statute inhibiting the formation of a great reserve bank of rediscount, nor is there any law that would prevent bankers through the clearing-houses or otherwise from entering into coöperative arrangements that might be efficacious in staying the ravages of panic. Doubtless the motives for voluntary action in these directions have thus far been deemed insufficient, and the bankers have awaited express legislative warrant for what they might have done voluntarily and which they may yet be compelled to do for their own protection in the absence of action by the Congress.

Upon purely scientific grounds a central bank for the United States has commended itself to many of those who have given the deepest study to our banking problems. It can hardly be denied that were it practicable to have here a bank performing for us the functions so well discharged by the Bank of France in that country, it would be a desirable thing. Fruitless must be the effort to compel 30,000 independent banks to impose voluntarily the necessary restraints upon credit expansion; and until such restraint is imposed there will be overtrading and panic. Where there are so many small banks, this regulatory force must be exercised from without—by a central

bank, by united action through the clearing-houses, or in some other way. The second Bank of the United States aroused the hostility of the other banks because it kept down their note issues, and a central bank now would arouse the hostility of the banks if it restrained the expansion of banking credits; but that restraint is vital to the continued orderly conduct of the country's banking and to industrial and commercial prosperity.

Is the opposition to a central bank based upon ancient and untenable prejudices, or does it arise from the fact that in our traditions and institutions there is something which makes such a bank impracticable? Upon this point the opinion of that keen critic of American affairs, the late CARL SCHURZ, may be of value. In his "Life of HENRY CLAY," pages 48 and 49, Mr. SCHURZ says:

"The power of a central bank, acting as the fiscal agent of the Government, disposing of a large capital, and controlling branch banks all over the country, must necessarily be very large. Being able to encourage or embarrass business by expanding or curtailing bank accommodations, and to favor this and punish that locality by transferring its facilities, it may benefit or injure large masses of men, and thereby exercise an influence upon their political conduct—not to speak of its opportunities for propitiating men in public position, as well as the press by its substantial favors. * * *

"A great central banking institution, a government agent, enjoying valuable privileges, will always have the flavor of monopoly about it, and there is nothing more hateful than the idea of monopoly among a democratic people. It will always excite popular jealousy by the appearance of offering to a limited circle of persons superior opportunities of acquiring wealth at the public expense. It will always arouse popular apprehension with regard to the harm it might do as a great concentrated money power. These apprehensions and jealousies will, in a democratic community, at any time break out, cause an attack upon the institution, and oblige it to fight in self-defense. Being attacked on the political field, it will, in obedience to a natural impulse, try to protect itself on the political field, and thus easily become a dangerous and demoralizing factor in politics.

"An institution like the Bank of the United States, whatever its temporary usefulness may have been, is, therefore, not a proper fiscal agent for the government of a democratic country, and the United States have reason to remember with gratitude SALMON P. CHASE and the Congress of 1863, for having, in the greatest crisis of public affairs, given the country a national banking system equal to the United States Bank in efficiency, superior to it in safety, avoiding the evils of a concentrated money power, and, as subsequently perfected, entirely free from that flavor of monopoly which made the old bank in its time so odious."

If this view is correct, it may be the task of present-day statesmanship to find some means of linking the banks together in a manner that will measurably afford the advantages of a central bank without its objectionable features. Perhaps no form of district organization that fails to bind all the banks in a league for mutual protection will be efficient.

The history of the national banking system contains few important dates—points that mark any striking growth. There are two exceptions to this statement, however. After the original act was passed in 1863 the growth of the banks was slow until the ten per cent. tax was imposed on State bank notes in 1865. But the real impetus to national banking was given in 1900 when

the minimum capital was reduced from $50,000 to $25,000, and the issue of circulation placed upon a somewhat more liberal basis.

No survey of the country's banking for the past fifty years, however cursory, could fail to take note of the improvement in the personnel of the banks. It was formerly a trite saying that the officers of American banks were often farmers, grocers, lumber merchants, etc., but rarely bankers. Perhaps this was less of a reproach than it seemed, for the man who is in intimate personal touch with the business of his community, however he may be deficient in the higher attributes of professional banking, is pretty apt to have that practical shrewdness that enables him to form accurate opinions of credits and values. But to this rudimentary knowledge the banker is now adding the broader views that follow wider experience, closer study and more intimate relations with his fellows. Whether it could ever be justly charged that the banker kept apart from others, that charge would be false now. In political, social and business affairs the banker to-day gives his time, his counsel and his service. Not infrequently he acts as the mentor of his community. By those in trouble he is consulted scarcely less frequently than the physician or the minister of religion, and is almost universally respected for his sound judgment and admired for his personal qualities. Not only have bankers come into more intimate relation with the people who deal with them, but the gulf that was once supposed to separate the officers of one bank from those of another has been bridged by bankers' clubs and associations bringing together the bankers of cities, districts, States and of all sections of the Union. As a consequence the banker is able to view all public matters not alone as they affect his own bank but in their wider influences upon the nation. He has thus become a wiser man and a more useful citizen.

In conclusion, it may be said that as the national banking system enters upon its second half-century, it finds the country deeply concerned about remedying some of the admitted defects of the system which the first half-century has developed. These defects are not inherent in the system itself; much less are they due to any general faults of management. The national banks have furnished a remarkably safe and efficient system of banking, and have been factors of immense benefit in local development and in the augmentation of the national wealth and prosperity. If they have fallen short, it has been due to the slowness of the national legislature in adapting the law to meet the changing conditions of the last fifty years. Those who have faith in the final triumph of intelligence over prejudice have not lost hope that soon the National Bank Act will be revised in the light of enlightened public opinion. Perhaps too much has been said already about the defects of our banking system, which are few, while its excellences are many. The national banking system is neither the best nor the worst in the world. Both its good and bad features are such as one may expect in any system of small scattered independent banks. To bind the banks together so as to gain the advantages of coöperation without sacrificing the indisputable benefits of independence—that is our banking problem of to-day.

Comptroller of the Currency's First Annual Report

ON November 28, 1863, the first report of the Comptroller of the Currency, Hon. Hugh McCulloch, showed that up to that time 134 national banks

had been organized, located as follows*:

Maine	2	District of Columbia	1
New Hampshire	2	Illinois	7
Vermont	2	Indiana	20
Massachusetts	3	Iowa	6
Rhode Island	1	Kentucky	1
Connecticut	4	Michigan	4
New York	16	Missouri	2
New Jersey	1	Ohio	38
Pennsylvania	20	Wisconsin	4

A summary of some of Mr. McCulloch's recommendations will be found of interest. Regarding the limitation of loans to a single individual or firm, he said:

"While it is true that large loans to a single individual or firm should, as a general thing, be avoided, there may be and frequently are, exceptional cases in which such loans are both necessary and judicious. I think, therefore, that this is a matter that should be left to the discretion of the managers of the banks, and that it can be safely intrusted to them."

Here is a recommendation that would, if adopted, put a heavy responsibility upon officers and directors:

"Instead of the liability of stockholders, many of whom have little voice in the management of their banks, I would suggest that section twelve be so amended that the failure of a national bank be declared *prima facie* fraudulent, and that the officers and directors, under whose administration such insolvency shall occur, be made personally liable for the debts of the bank, and be punished criminally, unless it shall appear, upon investigation, that its affairs were honestly administered. The individual liability provision, if continued, will prevent, as it is now doing, many prudent men and men of wealth from becoming shareholders in national banks, and consequently hinder a proper and desirable distribution of their stock, and will not protect creditors to the same extent as would be done by the proposed liability of the managers."

*A list of the National banks in existence up to the end of 1863, together with their capital and principal officers, appeared in The Bankers Magazine for January, 1864, p. 510.

Mr. McCulloch was of the opinion that the regulation of the rate of interest should not be left to the States. He said:

"The expediency of making the rate of interest uniform throughout the country is manifest. * * *

"Whatever opinions may have heretofore obtained upon the subject, there are now very few intelligent business men of the country, who have watched the effect upon trade and exchanges of the efforts of the States to establish by law the rates of interest, who are not agreed in the opinion that the regulation of commerce between the States cannot be perfectly accomplished without the establishment of a uniform rate of interest throughout the Union. The commerce of the country ignores State boundaries, and Congress has the exclusive right of regulating it. Congress ought, therefore, to have the incidental power of preventing the States from embarrassing commercial intercourse between the people of the States, which is done to no little extent, by their fixing different rates of interest upon money."

The advantages of a wise control of the discount rate were thus stated by Comptroller McCulloch:

"The judicious use of the power possessed by the Bank of England of checking, by an advance of the rate of interest, excessive speculation and the creation of a foreign debt, to be liquidated by shipments of coin, has frequently prevented financial crises in Great Britain. The same power, prudently and resolutely wielded by the banks of New York as a unit, would, in years past, have saved millions to the

United States. It may be many years before the national banks will possess the power now held by the State banks of that city, but they may have it in due time; and when this is the fact, no statutory restrictions should prevent them from using it for the benefit of the country."

Mr. McCulloch condemned in the strongest terms the provision of law which authorized the issue of national currency to State banks, saying:

"The sixty-second section makes it the duty of the Comptroller to furnish the national currency to any banks or banking institutions authorized by State law to engage in the business of banking, upon their delivering to the Treasurer the required securities. No matter what may be the restriction of the State law upon the issues of State banks, or the character of the banks, if they claim to be the owners and are the holders of United States bonds to the amount of fifty per cent. of their capitals, they can deposit any part of these bonds and obtain circulation therefor. It is difficult to conceive of a measure better calculated to bring the national currency system into conflict with the States. Under it we should have banks receiving Government notes without being in any measure subject to the supervision of the Government—deriving all their corporate powers from the States, and yet issuing notes not authorized by State laws. We should have banks that may have borrowed the Government securities attempting to bolster up a doubtful reputation by the credit which an issue of national circulation would give them, and casting reproach upon the system by their inability to redeem it.

"If States have the right to create banks of issue, they must have the sole right to control them. Congress can neither increase nor diminish the powers of institutions brought into existence by State laws, if their powers do not encroach upon the authority of the general Government."

Mr. McCulloch recognized the important departure made in guaranteeing the bank notes by the Government, as this quotation from his report shows:

"By the National Currency Act the principle is for the first time recognized and established that the redemption of bank notes should be guaranteed by the government authorizing their issue. The national currency will be as solvent as the nation of which it represents the unity. The country has at last secured to it a permanent paper circulating medium, of a uniform value, without the aid of a national bank."

The New President for Banking and Currency Reform

MUCH speculation has been indulged in regarding the attitude of the new Administration toward banking and currency reform. That such reform is needed was plainly indicated in President WILSON's inaugural address. Dealing with some of the chief items of things that ought to be altered, he included "a banking and currency system based upon the necessity of the Government to sell its bonds fifty years ago and perfectly adapted to concentrating cash and restricting credits." This may be taken as an evidence that the President will bend his efforts toward securing banking and currency legislation of some sort. With so many conflicting opinions existing, the task of scientifically adapting our banking and currency system to present-day needs will not prove an easy one. It will prove even more difficult if the task is approached in a spirit of hostility toward the banks rather than with the aim of benefiting all classes, all sections and every sort of legitimate commerce and industry.

A HALF-CENTURY OF NATIONAL BANKING

THE past month marked the completion of a half-century of the existence of our national banking system (the original act providing for the incorporation of national banks became a law February 25, 1863). It has been thought proper by the publishers of THE BANKERS MAGAZINE to devote considerable space in this issue to the progress of the national banks and to a consideration of needed banking and currency legislation. The first paper, dealing with the progress and present position of the national banks, is by Hon. LAWRENCE O. MURRAY, Comptroller of the Currency. Other articles on this topic and on banking legislation, contributed by leading statesmen, economists and bankers, follow.

The Progress and Present Position of the National Banking System

BY HON. LAWRENCE O. MURRAY, COMPTROLLER OF THE CURRENCY.

IN 1863, when the National Bank Act was adopted, the tremendous development of national banking could hardly have been conceived. Reflecting, as it does now, the prosperity of the country, a brief review of its steady growth, its powers of recuperation after periods of stress, its limitations and its necessities, is interesting in the light of fifty years' experience.

When the National Bank Act as it now is in all its general provisions, was enacted, the total money in this country was about $675,000,000. To-day it is about $3,719,000,000. Then we had about 1,500 State banks, now we have nearly 22,000 State and private banks and over 7,400 national banks. Then the total assets of the State banks were $1,191,000,000. Now they are over $14,000,000,000 and the assets of the national banks are $10,965,000,000. Since the adoption of the National Bank Act fifty years ago, assets of all banks have increased from $1,191,000,000 to over $25,000,000,000.

In banking power the United States leads all other countries and equals approximately that of Great Britain, France and Germany combined. The banking power of the United States in 1912, as represented by capital, surplus and other profits, deposits and circulation of the national and other reporting banks, together with the estimated amount of funds of this character in non-reporting banks, was $22,548,000,000, or more than double what it was in 1900, when it was estimated at $10,685,000,000.

PROGRESS IN BANKING FROM 1863 TO 1913.

On June 20, 1863, the first national bank charter was issued, and on October 5 of that year, sixty-six national banks made their first reports to the

Comptroller of the Currency. The capital of these banks amounted to $7,200,000 and their deposits to $9,478,000; or an average capital of $109,000 and average deposits of $143,000. The average capital to-day is not far above what it was at the beginning, being now about $140,000, but the average deposits have increased over seven fold.

At the end of 1873 the number of banks had increased to 1,976, with capital of $490,000,000, surplus of $121,000,000 and individual deposits of $540,000,000. During the first ten years of banking under the national system occurred the financial crisis of 1873. It appears that between September 12 and the call of December 26 of that year the banks lost over $107,000,000 of their total deposits, or more than fifteen per cent. With individual and bank deposits to-day aggregating $8,129,000,000, the same percentage of loss would deplete the banks' deposit accounts by over $1,200,000,000. During the panic year of 1873, eleven banks, with capital of $3,550,000, were placed in the charge of receivers, making in all thirty-four banks, with aggregate capital of $8,211,000, thus closed during the first ten years of the existence of the national system.

This panic was the first great shock the system had experienced, and how well the banks weathered the storm and how promptly they recovered can be read in the statistics of a year later. The number of banks increased from 1,976 in December, 1873, to 2,027 in December, 1874; their capital gained over $5,500,000 and there was a gain in resources of $173,000,000. Between June and September, 1873, the resources of the banks decreased by $20,000,000, and from September to December by $101,000,000; at the next call, February 27, 1874, resources showed a gain of $79,000,000; at the May call there was a gain of $58,000,000, but a loss of $16,000,000 is shown at the date of the June call; then a gain of $25,000,000 at the October call, and of $25,000,000 at the December call. These fluctuations show the very sensitive conditions of banking at this critical period of our banking history.

Ten years later, namely, December 21, 1883, the number of banks had increased to 2,529, with capital of $511,800,000, surplus, $144,800,000, and individual deposits, $1,106,000,000. It will be noted that during this decade the number of banks increased by over twenty-seven per cent., and while capital increased by less than five per cent., individual deposits gained over 104 per cent. There was, however, a slow growth in surplus, it being only twenty-eight per cent. of capital, against twenty-five per cent. ten years before. From 1873 to 1883, 344 banks left the system by voluntary liquidation, and fifty-five were declared insolvent; but during the same period 970 new banks were organized.

The end of the third decade under the national system, that is, 1893, found the banks emerging from the throes of another great crisis. Sixty-nine national banks, with capital aggregating over $11,000,000, were placed in the charge of receivers during the year 1893, and more than seventy-five were forced temporarily to suspend business. The banks' reports of condition for December 19 showed a loss of twelve per cent., or over $210,000,000, in individual deposits since the May call; the number of banks in operation was forty-three less than on the latter date, and the capital stock less by nearly $7,000,000. There were two other well defined periods of depression during the decade ending with this year, one being the panic of May, 1884, when national bank reports showed a loss of $81,000,000 in individual deposits between the last of April and the middle of June; the other being the financial stringency of 1890, reflected in the bank statements by an indicated loss of about $80,000,000 in individual deposits between the first of October and the middle of December of that year, besides a reduction of over $51,000,000 in the amount of bankers' deposits held.

After the crisis of 1893 there was a period of uncertainty as to the outcome

of pending financial legislation, and during the next three or four years the number of national banks in operation declined, and the statistics show little or no increase in the amount of their assets. It was not until 1897 that summaries of bank statements indicated a marked upward trend in the volume of business. From this time on bank deposits increased at a wonderful rate, and in the bank statements summarized from call to call can be traced the expansion of business after the free silver agitation had subsided. From this time the business of the national banks has increased by leaps and bounds, and an interesting story of their progress may be read in the statistics compiled from reports of condition for each call.

During the fourth decade in the history of the national banking system important legislation affecting the banks was enacted by Congress. This was the Act of March 14, 1900, permitting banks with a minimum capital of $25,000 to be organized in places of 3,000 inhabitants or less. This act of Congress gave a new impetus to the organization of national banks in the rural communities of the South, the Middle West and the Southwest. From February, 1900, to the end of December, 1903, the number of national banks in operation increased from 3,604 to 5,118, a gain of 1,514, or more than the total increase during the twenty years preceding 1900. Of these 1,514 banks, 1,186 had the $25,000 capital.

In 1903, the fortieth anniversary of the organization of the first national bank, there were over 5,000 of these institutions in active operation. On November 17, the date of the last reports of condition for that year, the summary of reports from 5,118 banks showed capital, $758,000,000; surplus, $375,000,000, and individual deposits, $3,176,000,000. Since 1893 the banks had increased in number by thirty-five per cent., capital by eleven per cent., surplus by fifty-two per cent., and individual deposits by 106 per cent. An evidence of the increasing strength of the banks at this time is shown in the substantial accumulation of surplus and the proportion held to capital, compared with prior years. The percentage of surplus to capital in 1873 was twenty-four per cent., in 1883 it was twenty-eight per cent., in 1893 it had risen to thirty-six per cent., and at the end of 1903 it had reached forty-nine per cent. Likewise the great expansion of business throughout the country is reflected in the extraordinary increase of over 100 per cent. in deposits within the ten years in question. At the end of 1903 the resources of the national banks aggregated $6,302,000,000. From that year to the present resources of the banks have increased by seventy-five per cent.

Evidence of Increasing Strength.

In February, 1913, the fiftieth anniversary of the adoption of the National Bank Act, the number has grown to 7,436 and capital to $1,056,000,000, and as shown by latest reports the surplus has reached $701,000,000; individual deposits, $5,944,000,000, and resources, $10,965,000,000. For nine years of this decade the per cent. of increase is as follows: In number of banks, forty-five per cent.; capital, thirty-eight per cent.; surplus, eighty-six per cent., and individual deposits, eighty-five per cent. Surplus is now over sixty-six per cent. of capital, evidencing a strength never before attained by the banks as a whole.

From the information as now gathered once each year relating to banks operating outside of the national system it is possible to obtain data of sufficient accuracy and completeness to make a comparison of the volume of business transacted by the national banks with that of the State chartered and private banking institutions of the country. In June last the Comptroller's office, co-operating with the banking departments of the various States, obtained data, prepared from reports of condition uniform in character and date, from all classes of institutions engaged in banking throughout the country, whereby it is possible to portray with a wealth of detail the total banking re-

sources and liabilities for every State and for the country as a whole.

Resources of National and Other Banks Compared.

On June 14, 1912, the date of the last concurrent "call," there were 7,372 national banks in operation, with capital of $1,033,000,000, individual deposits of $5,825,000,000, total resources of $10,861,000,000. On the same date there were 17,823 reporting banks of all classes, other than national banks, with capital of $977,000,000, individual deposits of $11,198,000,000, and total resources of $14,124,000,000. It is therefore shown that although in number the national banks comprise only twenty-nine per cent. of all reporting banks, they have fifty-two per cent. of bank capital and forty-four per cent. of the total bank resources of the country, while they hold 34.2 per cent. of all individual deposits.

The banking strength of this country embraces 25,195 banking institutions of all classes—national, State, savings, private banks and loan and trust companies—in operation. The capital of all these banks aggregates $2,010,000,000, their surplus, $1,585,000,000, their individual deposits, $17,024,000,000, and their aggregate resources, $24,986,000,000.

It may be of interest to compare a few of these items of resources and liabilities of national banks with the amounts reported for the other banking institutions. With respect to loans and discounts of all banks, aggregating $13,953,000,000, the national banks have loaned $5,973,000,000; the other banks, $7,980,000,000. Of the investment in bonds and securities, aggregating $5,359,000,000, the national banks hold $1,861,000,000, other banks hold $3,498,000,000. There was on June 14 last about $1,573,000,000 cash in the banks of the country; of this amount the national banks held $996,000,000 and the other banks $577,000,000. The proportion of cash to deposits held by national banks was shown to be seventeen per cent. and that for all other commercial banks seven per cent. and including mutual savings banks five per cent. The people had on deposit with all the banks of the country, reporting in June last, $17,024,000,000; of this amount $5,825,000,000 was in national banks.

Comptroller's Power Restricted.

After fifty years the omissions and imperfections in the present National Bank Act are generally understood and the matter has been one for discussion by different comptrollers, bankers, financial writers and others interested for half a century. But the act as originally passed, with its weaknesses, still remains unamended to meet present-day conditions.

It may be a surprise to many bankers who are familiar with the provisions of the National Bank Act to learn that the powers granted to the State superintendents of banks by the banking laws of many States are very much greater than Congress has seen fit to give the Comptroller. One would think that the Government ought at least keep pace with the States in a grant of supervisory power to the officer striving to prevent bank failures. To illustrate: In three States the law requires that the by-laws of a bank shall be approved by the head of the banking department. Under the law of one the amount of money to be invested in a banking-house is made dependent upon the approval of the Bank Commissioner. By the laws of eight States the head of the State Banking Department is authorized to remove the bank's officers, the statutes giving this right either on account of the recklessness, dishonesty or incompetency of the officers or employees or "for due cause," or because in the opinion of the State banking authority the officer or employee has "abused his trust, or been negligent in the performance of his duty." Seven of the States give the State Banking Department authority to prescribe and approve the form of all books and accounts of banks.

Other powers not covered by the Na-

tional Bank Act are given to the various State Banking Departments. For instance, the right to order the removal of one of two banks transacting business in the same building and in close proximity; the right to pass upon and to compel the bank to call in loans to directors not approved by the State Superintendent; the power to require a bank to pay off borrowed money; the approval of salaries of officers and trustees of savings banks; the extension of the statutory period during which real estate may be held; the approval of consolidations; the right to prescribe the maximum rate of interest paid to depositors; the calling of a stockholders' meeting; the reduction of overdrafts; the right to determine the value of a bank's investments and to compel it to charge down investments to the value fixed by the State authority; to revoke the license authorizing a bank to operate in the State; to require every bank to select a competent person, subject to the written approval of the superintendent, to verify the pass books, and to require the dividends of savings banks to be approved by the head of the State Banking Department.

All these powers and many more not enumerated are being used wisely by the supervising authorities of the different States in the interest of sound banking. But the Comptroller must meet all these same conditions as best he can without any specific provision in the law.

Some Suggested Amendments.

There are many amendments to the present National Bank Act needed, but space will permit directing attention to only a few.

The law requiring three-fourths of the directors to have resided in the State, Territory or district in which the bank is located for at least one year immediately preceding their election should be amended to provide that a majority must be residents of or have their principal place of business in the place in which the bank is located. This will provide for local control much more fully than the existing law.

If directors are not conveniently available for monthly board meetings, they cannot meet to pass on all paper purchased or discounted; nor be readily convened should urgent necessity arise; nor meet with the national bank examiner at each examination. National banks are local institutions and the officers and directors should be, very largely, local men having a knowledge of local conditions, and who are able to meet on very short notice.

A provision should be enacted making every transfer made by a shareholder of a national bank, where the bank is insolvent, with intent to evade his liability as a shareholder, utterly null and void as against the creditors of the bank or a receiver. This provision is needed in order to meet difficulties encountered in enforcing liability after fraudulent transfer under rule of liability imposed by the Supreme Court of the United States in Dewey vs. McDonald (202 U. S. 510).

Corporations owning stock in national banks should be liable for assessments. The reason for suggesting this amendment is that the Supreme Court of the United States has frequently held that when a corporation has no power to invest its funds in the stock of a national bank, if it actually does so it cannot be held liable for the assessment against it as a shareholder. It makes no difference how long the stock may have been held, what amount of dividends the corporation may have received, or what part it may have taken in directing the affairs of the national bank. The law should be applicable also to national banks holding stock as an investment of their funds in another national bank. Prior to the first decision of the Supreme Court of the United States, the United States Circuit Court of Appeals had held that under such circumstances the corporation was liable, notwithstanding it had exceeded its powers by making such investment.

The result of the ruling of the Supreme Court places a premium upon the illegal exercise of powers by a corpora-

tion. All national banks and most corporations under State laws have the right to acquire stock in a national bank, provided it is accepted in good faith to realize upon a loan of money previously made. That a corporation may deliberately purchase stock in a national bank, dictate the policy of the national bank, accept dividends for years, and escape all liability when the national bank becomes insolvent, is an evil imperatively calling for a remedy, and unless corporations are prohibited from owning stock in a national bank, the law should be amended making corporations liable to assessment the same as individuals.

Section 5 of the Act of July 12, 1882, provides the means by which dissenting shareholders may withdraw. It is defective, however, in that it provides no means of compelling directors to act promptly and within a reasonable time in the appointment of a committee of appraisal and settlement with withdrawing shareholders. This should be remedied by requiring the directors to act within thirty days from the date of notice of the desire of dissenting shareholders to withdraw.

The dishonest practice by officers of national banks of receiving personal compensation for loans made by the bank is an evil that should be stopped. Either the bank is defrauded of lawful interest which it would otherwise receive or usurious interest is exacted of a borrower by the corrupt officer. A secret reward to the officers is sometimes a deliberate bribe for obtaining a loan on insufficient security.

The taking or accepting of money or other valuable thing from a borrower by any officer of a national bank for his own personal use as a reward, inducement or consideration for obtaining the loan from the bank of which he is such officer, should be made an offense punishable by imprisonment in the penitentiary.

Of course, it is well understood that this criticism applies to very few bankers; but those who are guilty ought to be driven out of the national banking system.

Statute of Limitations in Relation to Criminal Offenses.

Many criminal offenders against the national banking laws have escaped just punishment by reason of the statute of limitations. Criminal proceedings under these laws are barred by section 1044 of the Revised Statutes of the United States, applicable generally to crimes against the United States, and limiting the time within which prosecutions must be commenced to three years after the commission of the offense. Crimes committed by officers and employees of national banks differ from other crimes against the United States in the ease with which they can be concealed by the criminal himself. No officer or employee of a national bank is so foolish as to misappropriate its funds without giving simultaneous attention to the book entries. These are usually under his control, and the prolonged concealment of the crime is not difficult. A skillful bookkeeper is often able to baffle the most expert examiners. In numerous instances both misapplications of funds and fraudulent entries have been successfully concealed for many years. There is a practical difficulty in proving the exact time at which such crimes are discovered. They often come to light gradually. Beginning in suspicions frequently arising in different minds, they culminate at a later date in "discovery." The difficulty of establishing at what time a crime of this nature was "discovered" is often not less than the difficulty of proving the commission of the crime, and the collateral issue is an unfair practical benefit to the accused in diverting the attention of the jury from the more material question of actual guilt.

For these reasons an amendment, limiting the period within which prosecutions for violation of national banking laws must be instituted to a certain time after discovery of the crime, is not deemed advisable. The period for prosecution of offenses against the National Bank Act should be extended to ten years after the commission of the offense.

Administration of Affairs of Banks in Liquidation.

When a national bank has been placed in voluntary liquidation the settlement of its affairs devolves by law upon its shareholders. No reports are required by law to be submitted to this office and the Comptroller has no control over the liquidation. The National Bank Act contains no provision giving the specific manner in which the affairs of a national bank shall be liquidated, and no reference is made in the law to the appointment of an agent or trustee in liquidation, except when a national bank has been placed in the hands of a receiver and the claims of all creditors other than shareholders have been satisfied. Quite frequently the shareholders in voting to place the bank in liquidation also appoint a liquidating agent or committee, whose powers are not always clearly defined. The United States Circuit Court of Appeals has held that while no such office as an agent in liquidation was known to the statutes, yet it was one that had long been recognized as permitted by law.

In order to make up for this deficiency in the law, as best we might by good administration, we now require the following points to be covered by the stockholders in the form of resolutions passed when the bank is voted into voluntary liquidation, namely, that a liquidating agent or liquidation committee be appointed; that liquidation shall be conducted in accordance with law and under the supervision of the board of directors, who shall require a suitable bond to be given by the said agent or committee in an amount to be fixed by the board of directors; that the said liquidating agent or committee shall render quarterly reports to the Comptroller of the Currency on the first of January, April, July and October of each year, showing the progress of said liquidation, until said liquidation is completed; that said liquidating agent or committee shall render an annual report to the shareholders on the date fixed in the articles of association for said annual meeting, at which meeting the shareholders may, if they see fit, by a vote representing a majority of the entire stock of the bank, remove the liquidating agent or committee and appoint another in place thereof; that a special meeting of the shareholders may be called at any time in the same manner as if the bank continued an active bank, and at said meeting the shareholders may, by a vote of a majority of the stock, remove the liquidating agent or committee; that the Comptroller of the Currency is authorized to have an examination made at any time into the affairs of the liquidating bank until the claims of all creditors have been satisfied, and that the national bank examiner will be compensated for his time and expenses in making the examination in question.

It is questionable, however, whether the shareholders have the power to oust all the officers of the bank and substitute in their place the liquidating agent or committee. One decision not reported, rendered by Judge Lacombe of the United States Circuit Court of the Southern District of New York, in 1899, is good authority for the principle that the vote to liquidate and the appointment of a committee by the shareholders to liquidate the bank will not divest the directors of their general power and control over the management of the bank.

There has been a great deal of controversy as to the authority, respectively, of the agents and directors, and the ruling above referred to, which is not reported, is the only decision on the subject. The law should be amended so as to place the liquidation entirely in the hands of the shareholders; authorize them to elect a liquidation agent or committee, said agent or committee to carry on the liquidation in accordance with law, and any special instructions that the shareholders may authorize. The agent should be required to render quarterly reports to the Comptroller, showing the process of liquidation, and the Comptroller be authorized to have the bank examined as often as he shall deem it necessary. This insures a proper supervision over the

liquidation to prevent the assets being dissipated by the parties in charge, as has sometimes happened in the past. The agent should be compelled to submit a statement at the annual meeting of the shareholders and the shareholders have the right at that meeting to remove him if they see fit, and the Comptroller be authorized to call a special meeting of the shareholders at any time upon request of twenty-five per cent. of the shareholders. The only additional authority conferred upon the Comptroller by this section would be that of examining a bank in liquidation and of calling a special meeting of shareholders on request of twenty-five per cent., as hereinbefore stated. The Comptroller now has the right to appoint a receiver for a bank in liquidation and the clause requiring the liquidating agent to file a statement showing the process of liquidation would enable the Comptroller to have a clear understanding at all times of the condition of the liquidating association and to answer any inquiries or take any steps that may be necessary.

Consolidation of Banks.

The law recognizes the right of national banks to consolidate, but fails to provide the course to be pursued. From the beginning of the national banking system the Comptrollers of the Currency have held that to effect consolidation the liquidation of one of the banks interested and a contract entered into for the transfer of assets offsetting liabilities assumed is necessary. If shareholders' interests are to be continued, it becomes necessary for the absorbing bank to authorize an increase of capital and for its shareholders to waive their rights to participate in the increase, in order that the increased stock may be sold to those interested as stockholders in the liquidated association. This waiver is often difficult, if not impossible, to obtain, and in every case requires a personal appeal to each shareholder. Where the waiver is not unanimous the stock interests of all cannot be properly conserved.

The law should be amended in such manner as to permit the board of directors of two national banks to enter into an agreement for consolidation, prescribing the terms and conditions therefor and the method of carrying into effect. The law should further provide that this agreement shall be submitted to the shareholders of each of the banks, and if such agreement shall be ratified by a vote of shareholders of each national bank representing at least two-thirds of the stock, consolidation shall be in force and effect when formally approved by the Comptroller of the Currency. It should also provide that the combined capital of the national banks to be consolidated shall be the capital of the continuing national bank, and the latter shall require the surrender of the certificates of stock held by each shareholder in the closed national bank and issue in lieu thereof its own certificates. There has been but one consolidation in this manner since the passage of the National Bank Act and that one required a special act of Congress.

Bank Supervision Should be Improved.

The office has always had in its service some exceedingly able men as examiners and the force is now, taken as a whole, an effective working organization; but national bank examinations and national bank supervision are far from what they ought to be. The Comptroller must have power to correct evils that are reported to him, and the bank examiners must be placed on some basis of pay whereby they can stay in the bank long enough to determine the exact condition in all its ramifications, and then the Comptroller must have the power to force a correction of these bad conditions and not be placed in the position, as he often is now, of being simply a common scold, with no law giving him power to correct the things that he is scolding about. When we have the administrative features of the National Bank Act as it is at present smoothed out so that the law can be administered from an administrative standpoint with

less difficulty than now; when we have national bank examiners paid on a basis so they can make an examination that the Comptroller, the stockholders and the depositors may rely on, and when we have the Comptroller vested with sufficient power to correct bad conditions when they exist and to stop bad tendencies when they first show, the national banking system will then enjoy the confidence of the public which it so richly deserves.

Fifty Years of the National Banking System

BY CHARLES A. CONANT, AUTHOR OF "A HISTORY OF MODERN BANKS OF ISSUE."

THE evolution of the national banking system was, in the opinion of its creators, an inevitable necessity of the Civil War. The system was hardly in full operation until the war was nearly over, but it afforded an outlet for the large issues of bonds which were required to meet the war expenses. It is a curious fact, in view of recent currency discussions, that the Hon. E. G. Spaulding of Buffalo, N. Y., who had a large part in the enactment of the measure, saw in it a possible opening for the creation of one or more strong institutions having the character and influence of the Bank of England. He said, in his speech on the passage of the bill in the House on February 19, 1863:*

> A banking association of $100,000,000 capital, all paid in by wealthy individuals, and firmly established in the City of New York, and acting as the fiscal agent of the Treasury Department, would be a most valuable support to the credit of the Government. It might be made a depository for all the public moneys in that city. It might receive the public moneys derived from loans, from customs and internal taxes, and disburse all these moneys to the creditors of the Government. * * * The Bank of England is a striking example of the combined power of public authority and private influence in sustaining the credit of the Government. We may safely profit by this example. This bank has been the chief agent in sustaining the British Government in the long and exhausting wars in which she has been engaged.

Further on it was suggested by Mr. Spaulding that "if there had been established years ago a sound national bank of $200,000,000 capital, which had been in full operation as the fiscal and financial agent of the Government at the time of the breaking out of the present rebellion, what a mighty support it would have been in sustaining the Government at the present time!"

The evolution of the national banking system, however, was not at that time to follow the direction of a central organism. The question was a serious one what attitude should be taken towards the new system by the existing State banks whose capital of $430,000,000 was, in proportion to population and wealth, practically equal to that of the national banks to-day. There was one essential difference, however, between banking at that time and at present. It was done more largely with capital than with deposits. The extension of the deposit system, which is the wonder of modern banking in advanced civilized countries, especially in America and Great Britain, had then just begun. The deposits of State banks, with their $430,000,000 capital, were only $258,000,000. Of this capital about $110,000,000 was in the seceded States.

* "History of the Legal Tender Paper Money Issued During the Great Rebellion," Appendix, p. 3.

Salmon P. Chase

BORN JANUARY 13, 1848; DIED MAY 7, 1873

AUTHOR of the national banking system, officially proposed in his report for 1861. Mr. Chase was United States Senator from Ohio 1849-1855; Governor of Ohio 1855; United States Senator 1861; Secretary of the Treasury 1861-1864; Chief Justice United States Supreme Court 1864-1873. He delivered the opinion of the court in Hepburn vs. Griswold, holding that Treasury notes were not a legal tender in payment of debts contracted prior to the passage of the act providing for their issue—a decision afterwards reversed by an enlarged court. Few finance ministers have conducted such large transactions as Secretary Chase handled during the Civil War. Out of these accrued no personal advantage, and he died comparatively poor.

Origins of the National System.

The suggestion for a new banking system came from Secretary Chase in his first annual report in December, 1861. The Secretary, in this document, declared himself against the issue of legal-tender paper, because, in his judgment, the possible disasters "so far outweigh the probable benefits of the plan, that he feels himself constrained to forbear recommending its adoption." The alternative plan which he recommended was outlined as follows:

> Its principal features are, first, a circulation of notes bearing a common impression, and authenticated by a common authority; second, the redemption of these notes by the associations and institutions to which they may be delivered for issue; and, third, the security of that redemption by the pledge of United States stocks, and an adequate provision of specie.

The Secretary declared that the proposed notes would, in his judgment, "form the safest currency which this country has ever enjoyed; while their receivability for all Government debts, except customs, would make them, wherever payable, of equal value as a currency in every part of the Union."

In pursuance of these recommendations, Mr. Spaulding was one of those who set to work to draft a bill. It soon developed, however, that such a bill could not be passed and become operative in season to meet the immediate needs of the Treasury for carrying on the war. Mr. Spaulding, therefore, drafted a section providing for legal-tender Treasury notes, which was at first intended only as a "rider" to the bank bill and a more or less temporary makeshift. The pressure for money, with the expenses of the war running at an average of $2,000,000 per day, soon compelled the entire abandonment of the banking bill for the time being and the passage of the provision for Treasury notes as a separate measure. The road of fiat paper proved so smooth and easy that further consideration of the banking bill went over for a year and new emergencies were met by the infusion of fresh masses of paper into the circulation—now depleted by the flight of gold across the ocean and the retirement of the notes of the sounder banks. The dismal story of the greenbacks—how they robbed the poor by rising prices while wages lagged behind, and how they robbed the thrifty during the period of declining prices when contracts made in paper had to be fulfilled in a steadily growing amount of gold—there is not space nor occasion to tell further in this article. The national banking bill was finally brought into Congress and became law on February 25, 1863.

Bringing in the State Banks.

The growth of the new system was at first slow, by reason of certain defects of detail and the fact that the provision for crushing out the circulation of the State banks by the ten per cent. tax was not yet operative. On July 1, 1864, after the act had been amended in March, 1864, the sum of only $25,825,695 had been issued in national bank notes; and on April 22, 1865, shortly after the surrender of General Lee at Appomatox, the whole amount of such circulation was only $148,927,975. As Mr. Spaulding declares, "all the channels of circulation were well filled up with the greenback notes, compound-interest notes and certificates of indebtedness, to the amount of $700,000,000, before the National Bank Act got fairly into operation."*

It was not at first clear whether the existing State banks would enter the national system or would continue to do business under their old charters. Several objections were made by the banks to the new system, some of which were removed, however, by the supplementary act of June 3, 1864. As set forth by Hugh McCulloch, who became the first Comptroller of the Currency under the new law, there was apprehension that the national system, with its circulation based on bonds, might prove to be a repetition of the free banking system of certain Western States, where the circulation was secured by State

* Ibid, p. 188.

and local bonds, which had proved almost worthless. Another objection was that the interests of the banks under the national system would be so identified with the interests of the Government, and their credit so interwoven with the public credit, that they would be ruined if the integrity of the Union should not be preserved. A third danger was the fear of hostile legislation by Congress to which the banks might be exposed if the banking organization of the country was centralized under Federal control. Mr. McCulloch says in his memoirs: "I had no great difficulty in satisfying the bankers with whom I had personal interviews or correspondence that three of these objections were unsubstantial."*

There was a further objection, however, which appealed very strongly to the banks with a long record of soundness and public favor. It was required by the original act that any bank entering the national system must be named according to a number, and many banks still bear the names thus assumed, as "First National," "Fourth National," and so on. Many old banks objected to sinking their identity in a number. This objection was remedied in the act of 1864 by permitting them to retain their old titles with the addition of the word "national." "When this concession was made," says Mr. McCulloch, "they came into the national system with a rush—Boston, as is her wont in all enterprises, taking the lead."

The largest bank in the country at that time was the Bank of Commerce in New York, which had a paid-up capital of $10,000,000, with a right to increase the amount to $50,000,000. It was thought that with so large a capital, this great corporation might prove a formidable rival to the national banks. The Bank of Commerce had been in existence twenty-six years and its charter privileges were to continue until 1889. Its deposits were $15,419,000—a large amount in those times to be concentrated in single hands. In order to draw the bank into the national system a provision was incorporated in the act of 1864, relieving from the double liability of shareholders banks already in existence having a capital of not less than $5,000,000 and a surplus of twenty per cent. in addition to that required by the National Bank Act. The only bank in the country which this clause fitted was the Bank of Commerce in New York, which promptly entered the national system and rendered important services to the Treasury Department during the rebellion, some of them of an extremely confidential character.†

The Club of the Ten Per Cent Tax.

It was the coercive pressure of the ten per cent. tax on circulation which effectually supplemented the gentle persuasion of the act of 1864 in bringing State banks into the national system. Secretary Chase, in his report for 1861, suggested the possibility of taxation; but the suggestion was not acted upon until after Comptroller McCulloch, in his report for 1864, recommended taxation "which should be sufficient to effect the object without being oppressive." The response of Congress to this mild suggestion was a provision in the Revenue Act of March 3, 1865, imposing a tax of ten per cent. per annum upon the circulation of State banks paid out by them after July 1, 1866.‡ The State banking systems were soon reduced by this measure to a minor factor in the banking hierarchy, only to regain their importance many years later in certain States, when the growing wealth of the country required greater diversification in the types of institutions required for carrying on its business. There was still in circulation in State bank notes on July 1, 1865, the sum of $146,137,860; but the amount had fallen on July 1, 1866, to

* "Men and Measures of Half a Century," p. 168.

† Schucker's "Life and Public Services of Salmon P. Chase," pp. 304-305.

‡ For the details of supplementary legislation, see the author's "History of Modern Banks of Issue," G. P. Putnam's Sons, New York, Fifth Edition, pp. 412-13.

$19,996,163, and soon after practically disappeared. The rapidity with which the national system grew during the first few years after its inauguration, appears in the table presented herewith.

EARLY DEVELOPMENT OF THE NATIONAL SYSTEM.

Date.	Number of banks	Capital	Individual deposits	Total resources
		(In thousands of dollars)		
Jan. 4, 1864	139	$14,740	$19,450	$37,630
July 4, 1864	467	75,213	119,414	252,273
July 3, 1865	1,294	325,834	398,357	1,126,455
July 2, 1866	1,634	414,270	533,338	1,476,395

The transition from the State systems to the national system was practically completed by the spring of 1866 and the growth in number of banks was negligible down to the year 1871, when some further increase occurred.

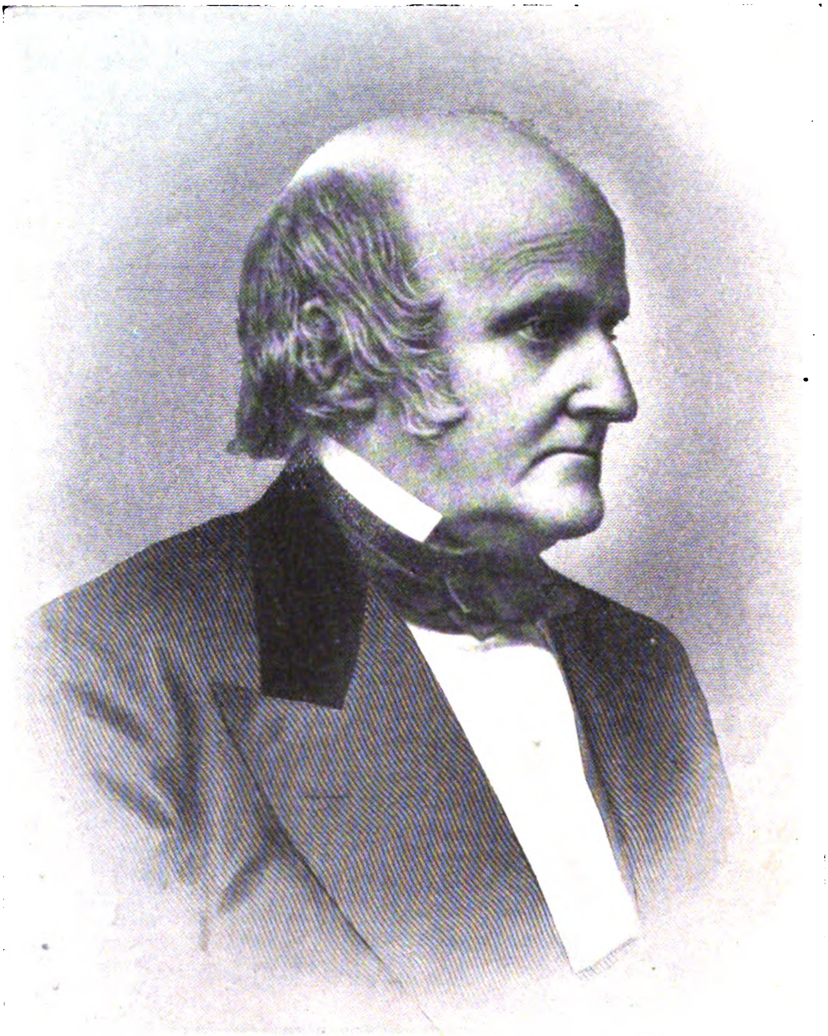
EFFECT OF MONETARY CONTRACTION AND EXPANSION.

The history of the national banking system is in a measure, especially during its first three decades, an epitome of the financial development of the country. The figures of banking growth reflect, under intelligent examination, the influence of the monetary and industrial changes through which the nation was passing in its troubled gropings back from irredeemable paper towards a sounder system of finance. The period from 1866, when it was decided to return to the gold basis at the old value of the dollar, down to the actual attainment of specie resumption on January 1, 1879, was a period of contraction and arrested development. For the eight years from the beginning of 1870 down to the spring of 1878, the deposits in national banks increased less than eleven per cent., and the increase in total banking resources was not materially greater. The paralyzing grip of falling prices, resulting from raising the gold value of the paper dollar from sixty-five cents to 100 cents, caused an almost uninterrupted decline in real estate values, impaired the value of the profits derived from active commercial business, and checked new enterprises. The manner in which these conditions stifled banking expansion, while population was increasing twenty-five per cent., is indicated in the accompanying table.

THE PERIOD OF BANKING STAGNATION.

Date.	Number of banks	Capital	Individual deposits	Total resources
		(In thousands of dollars)		
Jan. 22, 1870	1,615	$426,074	$546,236	$1,546,261
Feb. 27, 1872	1,814	464,081	593,645	1,719,415
Feb. 27, 1874	1,975	490,859	595,350	1,808,500
Mar. 10, 1876	2,091	504,818	620,674	1,834,369
Mar. 15, 1878	2,063	473,952	602,882	1,729,465
Feb. 21, 1880	2,061	454,548	848,926	2,038,066

Very different was the character of banking development after the pressure of acute monetary contraction was removed—first, by the return of gold into circulation after specie resumption; secondly, by the silver legislation of 1878 and 1890; and, thirdly, by the great outpouring of gold from the mines which began to attain momentum in 1893. How rapidly national banking deposits and resources as stated in dollars have swelled under the influence of these forces is shown by the figures, given herewith, taken at ten-year intervals from 1872 to 1912.



Eldridge G. Spaulding

BORN FEBRUARY 24, 1809; DIED MAY 5, 1897

AT the request of Secretary Chase, Mr. Spaulding drew up a bill to carry out the suggestions made in the Secretary's annual report proposing the establishment of institutions to issue a national currency on the pledge of public stocks. This bill contained also a provision for the issue of Treasury notes. Becoming convinced that the national banking bill could not be enacted without a delay which might be damaging to the Union cause, Mr. Spaulding withdrew it, and introduced the legal-tender section as a separate measure. He thus became popularly known as "The Father of the Greenbacks," but he was not a believer in Government money in ordinary times. He declared that "The wit of man, during the last hundred years, has not been able to contrive any method by which a paper currency can be circulated at par with gold unless it can be conveniently converted into gold on demand."

NATIONAL BANKING EXPANSION BY DECADES.

Date.	Number of banks	Capital	Individual deposits	Total resources
		(In thousands of dollars)		
June 10, 1872	1,853	$470,543	$618,801	$1,770,837
July 1, 1882	2,239	477,184	1,066,707	2,344,342
July 12, 1892	3,759	684,678	1,753,339	3,493,794
July 16, 1902	4,535	701,990	3,098,875	6,008,754
June 14, 1912	7,372	1,033,570	5,825,461	10,861,763

MOVEMENT OF BANK NOTE CIRCULATION.

Reference has been made thus far to the influence of monetary changes upon general banking resources. Much more direct, it might be supposed, would be the influence of these forces upon the note circulation of the banks; but the movement of note circulation would prove an inextricable labyrinth to the investigator who was ignorant of the other forces which have come into play to divert the bank note from its normal function of meeting commercial needs and converted it into a somewhat warped mirror of the price of United States bonds.

Prior to the Civil War bank notes formed an important constituent in the aggregate currency of the country. The maximum attained in proportion to total circulation, according to the reports of the Comptroller of the Currency, was 75.06 per cent in 1832, and 74.90 per cent. in 1833, just before the outbreak of Jackson's war on the United States Bank. The percentage declined considerably during the next decade and stood in 1843 at 39.39 per cent. There were increases in this ratio at intervals, but the panic of 1857 brought down the proportion to 37.38 per cent. in 1858, from which it rallied to 44.69 per cent. in 1861. The estimated total stock of money at that time was $452,005,767, of which $202,005,767 was in bank notes.

The part played by the notes of the national banks in the total circulation approached the ratio of forty-one per cent. after the complete substitution of the notes of national banks for those of the State banks in 1867, and retained nearly this position until 1878. After that date the bank note fell to a subordinate place in the total stock of money and has remained in a subordinate place until the present time. The accompanying table will serve as a basis for the analysis of changes in the bank note circulation from 1864 down to the present time.

RATIO OF BANK NOTES TO TOTAL MONEY.

October 31:	Total money in United States	Bank notes	Per cent. of bank notes
1864	$705,588,067	$58,813,980	8.33
1866	754,430,711	293,086,959	38.85
1870	723,940,094	301,859,275	41.70
1875	798,273,509	343,176,018	42.99
June 30:			
1878	789,790,976	324,514,284	41.09
1880	1,185,550,327	344,505,427	29.06
1885	1,537,926,771	319,069,932	20.75
1888	1,691,435,027	252,362,321	14.92
1890	1,685,123,429	185,970,775	11.04
1895	1,819,359,557	211,691,035	11.63
1898	2,073,574,442	227,900,176	10.99
1900	2,339,700,693	309,640,443	13.23
1905	2,883,109,864	495,719,807	17.19
1910	3,419,591,483	713,430,733	20.86
1912	3,693,221,586	749,348,859	20.29

The proportion of notes of national banks to the total monetary stock reached its maximum in 1873, when the ratio on June 30 was 44.87 per cent. During the period from the close of the Civil War up to the passage of the Bland Silver Act on February 28, 1878, there was practically no mode of expanding the circulation to meet the growth of the country except by the issue of bank notes. The continued suspension of specie payments prevented the circulation of gold, and the increase in the volume of Government notes was checked by the Resumption Act, which prohibited additional issues.

Influence of Silver Inflation.

The burden of meeting the needs of the country for currency was shifted from the banking system to the precious metals, first, under the Bland Silver Coinage Act, and, after resumption on January 1, 1879, by the appearance of gold in the circulation—or, at least, in bank reserves. The stock of currency nearly doubled during the seven years between 1878 and 1885, while the bank note circulation, remaining substantially stationary in amount, fell in its ratio to all forms of currency from 41.09 to 20.75 per cent.

The Bland Act provided for the purchase by the Secretary of the Treasury of not less than $2,000,000 nor more than $4,000,000 worth of silver bullion monthly and its coinage into silver dollars. The Sherman Act of July 14, 1890, which superseded the Bland Act, provided for the purchase by the Secretary of the Treasury monthly of four and a half million ounces of silver bullion at the market price and the issue therefor of Treasury notes, redeemable on demand in coin. These two acts added to the circulation $534,097,795 in currency based upon silver. Prior to the act of 1890, the coinage infused into the circulation under the Bland Act seemed, in spite of the misgivings of the opponents of silver, to be practically absorbed by the growth in the business of the country. The additional infusion of the white metal caused by the Sherman Act, however, contributed to the rapid expulsion of gold and compelled President Cleveland to summon the extra session of Congress which finally, in November, 1893, suspended the further purchase of silver.

Already, as early as 1875, the amount of bank note circulation was influenced as much by the price of United States bonds as by the demands of the country for a medium of exchange. When the bonds were first issued, public credit was so low that the banks had no difficulty in obtaining them at or near par and derived a fair profit from the interest on them as well as from lending the notes themselves. Down to the refunding act of 1877, practically the whole of the public debt was in bonds paying five and six per cent. With the improvement of public credit, it became possible to issue bonds at 4½ per cent. and subsequently at four per cent., while the old bonds sold at a premium based upon their higher return to the investor. To sell the old bonds for currency as the date of specie resumption approached involved not merely the realization of the premium but payment in a form of currency which was rapidly appreciating in gold value. As bonds were sold by the banks, circulation declined considerably between 1875 and 1878, and even a slight increase in 1880 was far from being proportionate to the increase in the total stock of money.

Influence of Changes in the Public Debt.

The bank note circulation was subjected to peculiar vicissitudes between 1885 and 1900, attributable in part perhaps to the addition of silver to the circulation, but due more directly to the state of the bond market and certain legislation passed by Congress. The decrease of the bonded debt of the country from $1,639,567,750 on June 30, 1881, to $585,029,330 on June 30, 1892, narrowed the market supply of bonds and carried the price of out-

standing issues to a high premium. The four per cent. bonds due in 1907, which sold at 102⅞ in June, 1879, stood in June, 1889, at 129⅝; and the stock of other types of bonds had nearly disappeared, or was about to do so, under the purchases of the Treasury Department for the sinking fund and the maturity of the three per cents. in 1891.

The tendency of the national banks to dispose of their bonds at a premium carried down the active circulation even more than appears in the figures of the gross circulation outstanding. From $165,205,724 on January 1, 1888, the circulation secured by bonds fell to $127,742,440 on January 1, 1890, and the amount of lawful money on hand on the latter date, paid into the Treasury to retire outstanding notes when they should come in for redemption, was $69,487,965. The lowest bond-secured circulation at the beginning of any month was on November 1, 1890, when the amount was $124,958,736.

Obviously, at this time the national banking system was not performing effectively the mission of providing currency; but several influences contributed after the panic of 1893 to revive in some measure this atrophied function. The first was the desperate, but tardy effort, to issue notes to overcome the currency famine which marked the panic. The circulation secured by bonds was whipped up from $151,900,919 on July 1, 1893, to $188,016,228 on November 1, 1893, the circulation in process of retirement by the deposit of lawful money remaining substantially unchanged in amount at about $21,000,000. A decline again set in as the banks found it profitable to market their bonds, which carried the secured circulation down on February 1, 1895, to $175,674,250. Already, however, one of three factors had come into operation, which were to greatly increase the note circulation within the next fifteen years. These factors were:

1. The issue of $100,000,000 in five per cent. bonds and $162,315,300 in four per cent. bonds in 1894, 1895 and 1896, to meet the Treasury deficit and maintain the gold standard.

2. The issue of $198,678,720 in three per cent. bonds in 1898 to meet the expenses of the war with Spain.

3. The refunding provisions of the act of March 14, 1900, which permitted the conversion of old issues of bonds into two per cent. bonds running for thirty years, at rates which enabled the banks to obtain a larger note circulation upon the investment of a given amount of capital in bonds.

It was only the last of these factors which produced striking effects. The amount of circulation secured by bonds stood, on January 1, 1900, at only $209,759,984, and the total bank note circulation outstanding at only $246,277,222. But, under the operation of the conversion project of 1900, before the new law was four months old, on July 1, 1900, the outstanding volume of two per cent. bonds (exclusive of the old three per cents. which had been continued at two per cent.) was $307,125,350, and the total bank note circulation was nearly fifty per cent. higher than five years before. This stimulus has continued to be felt up to the present time. The bank note circulation has risen to an amount nearly equal to the total circulation of the country in 1870; but the great accretions to the gold stock have so increased this total as to keep the proportion of bank note circulation in a subordinate place.

Small Banks and the Ratio of Failures.

One of the provisions of the law of 1900 which contributed, along with the refunding of the bonds, to increase bank note circulation was the authority to create small banks. The minimum of required capital in small communities, which prior to this law had been $50,000, was reduced to $25,000. The result was not merely the creation of many new institutions in the South and West, but the entrance of many State and private banking establishments of small capital into the national system. Between the date of the Act of March

JOHN SHERMAN

BORN MAY 10, 1823; DIED OCTOBER 22, 1900

A MEMBER of the House of Representatives from Ohio 1854-1861; United States Senator 1861-1877; Secretary of the Treasury 1877-1881; United States Senator 1881-1897; Secretary of State 1897-1898. Mr. Sherman introduced the national banking bill in the Senate, January 26, 1863, and was instrumental in securing its passage. He was the author of the act of 1875 for the resumption of specie payments and as Secretary of the Treasury assisted in carrying out the provisions of that act. Mr. Sherman during a great portion of his public career was considered one of the country's foremost authorities on all matters relating to banking and currency.

14, 1900, and October 31, 1912, the whole number of national banks organized was 5,021, of which 3,196, with aggregate capital of $83,320,500, were organized with a capital of less than $50,000 each. Of these small banks 1,409 represented the conversion or reorganization of existing institutions. While many of the small banks, in view of the pressure upon the bond market, took only the minimum amount of bonds required by law to secure circulation, they contributed, along with the new banks of larger capital, to swell considerably the total bank note circulation. The national banks of all types actually in operation, after eliminating those which disappeared by merger or liquidation, showed the accompanying increases in number, capital stock and circulation, under the act of 1900.

10.2 per year. The number during the twelve years ending October 31, 1912, was 132, or eleven per year. It must be considered, however, that the number of national banks and their aggregate capital in 1912 were many times greater than during the early years of the system and about twice as great as in the year 1900. A true average, therefore, would show that the ratio of failures and losses to banking capital and resources during the past twelve years has been much less than during the earlier history of the national system. Of the 500 banks which have been liquidated through receiverships, the affairs of 478 had been settled prior to October 31, 1912. The capital of these insolvent banks was $78,340,920 and the amount paid in dividends was $122,060,521, on claims proved amounting to $160,201,795. The ratio of dividends to claims proved was 76.19 per cent. This ratio affords some test of the improvement in banking supervision, since it is several points higher than the average dividends paid in earlier years.

RECENT DEVELOPMENT OF THE NATIONAL SYSTEM.

Date	No. of banks	Capital	Circulation
January 1, 1900	3,606	$608,558,045	$246,277,222
January 1, 1902	4,337	670,164,195	360,289,726
January 1, 1904	5,184	767,567,095	425,163,018
January 1, 1906	5,898	818,482,075	540,914,347
January 1, 1908	6,675	912,369,775	690,130,895
January 1, 1910	7,054	966,406,925	708,192,111
January 1, 1912	7,340	1,033,302,135	740,603,187
January 1, 1913	7,431	1,052,880,175	750,972,246

It was believed by some that the admission of banks of small capital to the national system would tend to weaken the general structure and increase, at least in some small degree, the ratio of failures. The contrary proved to be the case. It does not follow perhaps that the small banks proved stronger than the larger ones, because many new measures have been adopted by the Comptroller of the Currency in recent years for increasing effectiveness of supervision and safety of management. The figures seem to show, however, that the small banks are at least as robust in constitution as their bigger brethren.

The whole number of national banks put in the hands of receivers from April 14, 1865, to October 31, 1912, was 525, but of these twenty-five were restored to solvency. The number of insolvent banks down to October 31, 1900, was 368, or an average of about

The banking structure was subjected to a severe test during the crisis of 1907 and the period of liquidation which followed. Only seven banks failed, however, in 1907, with capitals of $775,000, and twenty-four, with aggregate capital of $5,560,000, in 1908. The banks placed in the hands of receivers in 1909 were nine; in 1910, six; in 1911, three; and in 1912, eight. The aggregate capital for these last four years was $3,018,000—an average of $754,500, or less than one-tenth of one per cent. of the banking capital for the entire system.

The Revival of State Banking.

It has already been indicated that the State banking systems were very largely absorbed into the national system when the tax of ten per cent. became effective upon State bank note issues. At that time, immediately after the Civil War, the tendency still survived to some extent from the days before the war to do business with capital and note issues rather than with deposits. The great development in the use of checks, drafts and clearing methods which had already made such strides in England, was making progress in America, but there was not such a volume of business transactions as to

The State banks in existence in 1868, according to reports made to the Comptroller of the Currency, were only 247, with a capital of $66,363,925. In 1874, six years later, although the data was admittedly incomplete, the Comptroller was only able to find State banks with total capital of $59,305,532 and total resources of $237,402,088. The development of State banking during the next decade was comparatively slow, but after 1882, it went on so rapidly as to make the State banks serious competitors in many fields with the national banks. The table herewith shows the growth in banks incorporated under State law at intervals of ten years from 1882 to 1912.

Growth of State Banking.

Year	No. of banks	Capital	Individual deposits	Total resources
		——(In thousands of dollars)——		
1882	672	$91,808	$281,835	$438,834
1892	3,191	233,751	648,513	1,040,697
1902	5,397	276,991	1,698,185	2,309,358
1912	13,381	459,067	2,919,900	3,897,770

cause the accumulation of liquid commercial funds in the banks which has been so striking a feature of banking history in recent years. Immediately after the war, banking was comparatively simple in type where it was sound. The national banks were prohibited from making loans on real estate and their operations were confined chiefly to discounting promissory notes and commercial paper. The great development in the issues of bonds and shares by stock companies, which have furnished the basis for so large a portion of banking business during the past decade, had hardly begun. As diversity in the form of the demands and uses for capital increased in the banking world, the State banks were revived in certain States where their charters permitted a greater variety of business than was permitted to national banks, and the new financial engine of the trust company was created to do classes of business which the laws of neither the State nor the nation permitted to banks purely commercial.

The growth of trust companies has been even more phenomenal than that of State banks. Almost ignored in the banking reports up to a quarter of a century ago, they have come to represent a concentration of power in the big cities which has sometimes caused impatience and resentment on the part of the national banks. In New York the trust companies, although representing in some respects the most powerful portion of the financial machinery, were for a long time under no legal obligation to carry cash reserves. The panic of 1907 revealed the weakness of this position, and after first submitting to a State law requiring reserves of five per cent. in cash, five per cent. on deposit in other banks, and five per cent. in securities, the leading trust companies finally bowed to the mandate of the clearing-house and agreed to carry the same reserves against demand deposits as are required from other banks which are members of the clearing-house. The growth of trust

companies in recent years throughout the United States is indicated by the figures given herewith.

GROWTH OF TRUST COMPANIES

Year	No. of companies	Capital	Individual deposits	Total resources
		(In thousands of dollars)		
1885	40	$26,428	$188,417	$248,389
1892	168	80,645	411,659	600,244
1902	417	179,732	1,525,887	1,983,214
1912	1,410	418,985	3,674,678	5,107,444

This evolution has not yet been accomplished in the United States. Diversification of the forms of banking

RETROSPECT AND PROSPECT.

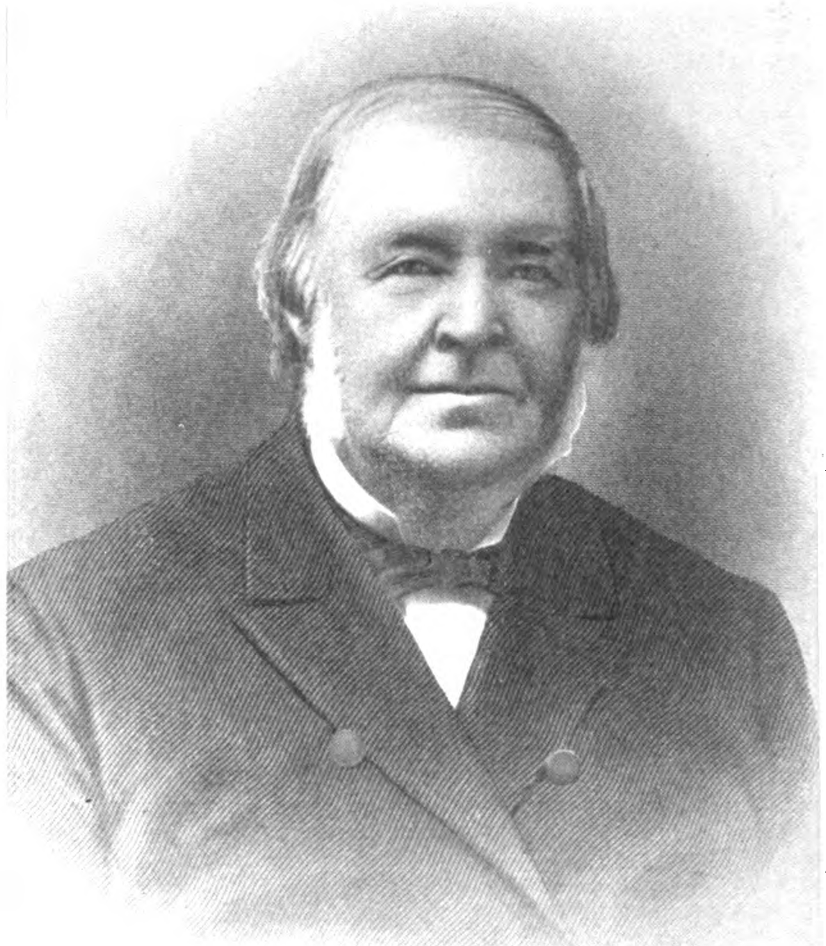
The national banking system, standing on the threshold of its second half-century, has much to look back upon with pride. While it has seen the population of the country grow from about 35,000,000 at the close of the war to 96,500,000 at the present time—or nearly three fold—it has seen the number of all classes of banking institutions expand from 2,000 in 1866 to 25,195 in 1912—or more than twelve fold. It has seen the capital of banking institutions in the United States swell from $500,000,000 to $1,952,000,000. It has seen the aggregate resources of these institutions expand from two thousand millions of dollars to twenty-five thousand millions of dollars. It has seen the monetary stock of the country increase from $754,000,000 in 1866 to $3,648,000,000 in 1912.

Inevitably, this expansion has brought great changes, both industrial and financial. It has brought concentration of power; growth has been intensive as well as extensive. In other nations also there has been industrial growth and financial expansion. In those nations there has been adaptation of the financial machinery to the new conditions.

Gradually, every important State of Europe has since 1875 followed England and France in conferring supervision over the money market upon a great central institution, holding in its hands the accumulated gold reserves of the country and dowered with the power to regulate the rate of discount and the foreign exchanges.

there has been; concentration of great resources in the hands of certain institutions has taken place, until it is charged that a few men in Wall Street control twenty-five thousand millions of capital, or one-fifth of the wealth of the country. Improvements in the monetary system have been made. Specie payments were resumed in 1879, and the gold standard was given the sanction of law in 1900. But the final step which has been taken in Europe—the concentration of gold resources and of the power to control the exchanges—has not yet been taken in America. When practically every banking institution in the country suspended currency payments in 1907, and even great corporations were reported to be seeking to evade their promises to pay interest in gold on their obligations, the Bank of France offered to come to the aid of the American market with its great stock of gold, if its loans could be guaranteed by a central banking institution, or by the Government of the United States. No such guarantee could be given, and the money came clumsily and slowly through the channel of English banking-houses.

That these conditions present an evil to be remedied has long been recognized. When an army is small, each man can carry on for himself a guerilla warfare for the protection of his native soil; but when guerilla companies swell into regiments and army corps, concentration of authority is required. The absence of such concentration in the American financial world brought humiliating experiences and enormous



HUGH McCULLOCH

BORN DECEMBER 7, 1808; DIED MAY 24, 1895

FIRST Comptroller of the Currency, and Secretary of the Treasury in the Administrations of Presidents Lincoln, Johnson and Arthur. Cashier and manager Fort Wayne branch State Bank of Indiana, and later president of its successor, the Bank of the State of Indiana. These institutions were among the soundest and best-managed of the State banks of issue which existed prior to the Civil War. Mr. McCulloch as Secretary of the Treasury began the payment and cancellation of the legal tender notes, but Congress interfered with this wise policy. As first Comptroller of the Currency, it was Mr. McCulloch's duty to organize the Comptroller's Bureau and to inaugurate the national banking system. He justly ranks high in the country's history both as a banker and financial administrative officer.

losses in 1893 and 1907. Following both crises, the community cried out for needed reforms. The Baltimore plan sprang from the American Bankers' Association in 1894. It was followed by the plan of Secretary Carlisle for a wider power of note issue in the local banks, and by measures of bank note reform in Congress from Representatives McCleary, Fowler and Lovering.

Then, on the eve of the panic of 1907, came the recommendation of the New York Chamber of Commerce, that a central banking mechanism should be established to unify the mighty, but scattered, financial resources of the country. Following the panic, the views of the Chamber of Commerce attracted wide attention and the principle of a central banking mechanism received the weighty indorsement of the National Monetary Commission, after an exhaustive study of the development of banking throughout the world. Final action has not been taken, however, and the opportunity lies before the new administration to solve the problem of our financial organism in a manner which will place America where she belongs—in the forefront of the great commercial nations in the efficiency and security of her banking system.

Customers Control Deposits

WRITING recently in the New York "Times" on banking topics, Hon. A. B. Hepburn, former Comptroller of the Currency and now chairman of the board of directors of the Chase National Bank of New York, said:

Banks cannot control deposits—the customers do that. Banks can only retain accounts and retain deposits by protecting their customers—their depositors—and meeting in full measure their legitimate claims. Courteous, considerate and fair treatment of customers is the only successful way of building up and maintaining the resources of a bank.

In view of these well-known facts, how idle it is to assert that any man, or set of men, dominate or control the vast resources of any group of banks; eighty-two per cent. of such resources are subject to a checking control of people all over the country, and unless banking equities are observed this checking power would be exercised and the offending banks would suffer. Banks make more money when the interest rate is five per cent. than when it is higher, for the reason that they have more money with which to do business; five per cent. on $100,000,000 exceeds six per cent. on $83,000,000. High rates induce the withdrawal of deposits and lessen the earning power of banks; such withdrawals may be made in case of depression of prices, for the sake of investment, and in case of extreme crisis, for hoarding, because of timidity and fear of loss, but the principal cause of withdrawals would be in order to take advantage of the high rates of interest in the form of loans; and especially is this true on the part of correspondent banks.

What bankers want is a fair and fairly uniform rate of interest; it yields them a greater profit; what they most fear is high and highly fluctuating rates of interest; it reduces their banking power, lessens their earnings and greatly increases the nervous strain and mental and physical exaction in the conduct of their business.

Coming Bankers' Conventions of Bankers' Associations

AMERICAN—Boston, Week October 6.
KANSAS—Hutchinson, May 6 and 7.
OKLAHOMA—Muskogee, May 8 and 9.
TEXAS—Galveston, May 13-15.
MISSOURI—St. Joseph, May 21-22.
NEW YORK—Ottawa, Ontario, June.
AMERICAN INSTITUTE OF BANKING—Richmond, Va., Sept. 17-19.

Needed Banking and Currency Legislation

BELIEVING that the fiftieth anniversary of the establishment of the national banking system is an opportune time for examining our banking and currency system with a view to correcting defects that may have developed in the last half-century, the Editor of THE BANKERS MAGAZINE has requested a number of well-known statesmen, economists and bankers to furnish for publication a concise expression of their opinions on the topic given above. These views are published herewith, and we are sure they will be found interesting and practically helpful in securing whatever betterment of our banking and currency system may be needed and that may be obtained by legislation.

Our Banking and Currency System

BY FORMER PRESIDENT WM. H. TAFT.

A TIME when panics seem far removed is the best time for us to prepare our financial system to withstand a storm. The most crying need this country has is a proper banking and currency system. The existing one is inadequate, and everyone who has studied the question admits it.

It is the business of the national Government to provide a medium, automatically contracting and expanding in volume, to meet the needs of trade. Our present system lacks the indispensable quality of elasticity.

The only part of our monetary medium that has elasticity is the bank-note currency. The peculiar provisions of the law requiring national banks to maintain reserves to meet the call of the depositors operates to increase the money stringency when it arises rather than to expand the supply of currency and relieve it. It operates upon each bank and furnishes a motive for the withdrawal of currency from the channels of trade by each bank to save itself, and offers no inducement whatever for the use of the reserve to expand the supply of currency to meet the exceptional demand.

After the panic of 1907 Congress realized that the present system was not adapted to the country's needs and that under it panics were possible that might properly be avoided by legislative provision. Accordingly a monetary commission was appointed which made a report in February, 1912. The system which they recommended involved a National Reserve Association, which was, in certain of its faculties and functions, a bank, and which was given through its governing authorities the power, by issuing circulating notes for approved commercial paper, by fixing discounts and by other methods of transfer of currency, to expand the supply of the monetary medium where it was most needed, to prevent the export or hoarding of gold and generally to exercise such supervision over the supply of money in every part of the country as to prevent a stringency and a panic. The stock in this association was to be distributed to the banks of

the whole United States, State and National, in a mixed proportion to bank units and to capital stock paid in. The control of the association was vested in a board of directors to be elected by representatives of the banks, except certain ex-officio directors, three Cabinet officers, and the Comptroller of the Currency. The President was to appoint the governor of the association from three persons to be selected by the directors, while the two deputy governors were to be elected by the board of directors. The details of the plan were worked out with great care and ability, and the plan in general seems to me to furnish the basis for a proper solution of our present difficulties. I feel that the Government might very properly be given a greater voice in the executive committee of the board of directors without danger of injecting politics into its management, but I think the federation system of banks is a good one, provided proper precautions are taken to prevent banks of large capital from absorbing power through ownership of stock in other banks. The objections to a central bank it seems to me are obviated if the ownership of the reserve association is distributed among all the banks of a country in which banking is free. The earnings of the reserve association are limited in percentage to a reasonable and fixed amount, and the profits over and above this are to be turned into the Government Treasury. It is quite probable that still greater security against control by money centers may be worked into the plan.

Certain it is, however, that the objections which were made in the past history of this country to a central bank as furnishing a monopoly of financial power to private individuals, would not apply to an association whose ownership and control is so widely distributed and is divided between all the banks of the country, State and National, on the one hand, and the Chief Executive through three department heads and his Comptroller of the Currency, on the other. The ancient hostility to a national bank, with its branches, in which is concentrated the privilege of doing a banking business and carrying on the financial transactions of the Government, has prevented the establishment of such a bank since it was abolished in the Jackson Administration. Our present national banking law has obviated objections growing out of the same cause by providing a free banking system in which any set of stockholders can establish a national bank if they comply with the conditions of law. It seems to me that the National Reserve Association meets the same objection in a similar way; that is, by giving to each bank, State and National, in accordance with its size, a certain share in the stock of the reserve association, non-transferable and only to be held by the bank while it performs its functions as a partner in the reserve association.

The report of the commission recommends provisions for the imposition of a graduated tax on the expanded currency of such a character as to furnish a motive for reducing the issue of notes whenever their presence in the money market is not required by the exigencies of trade. In other words, the whole system has been worked out with the greatest care. Theoretically, it presents a plan that ought to command support. Practically, it may require modification in various of its provisions in order to make the security against abuses by combinations among the banks impossible. But in the face of the crying necessity that there is for improvement in our present system, I urgently invite the attention of Congress to the proposed plan and the report of the commission, with the hope that an earnest consideration may suggest amendments and changes within the general plan which will lead to its adoption for the benefit of the country. There is no class in the community more interested in a safe and sane banking and currency system, one which will prevent panics and automatically furnish in each trade center the currency needed in the carrying on of the business of that center, than the wage-earner. There is no class in the

community whose experience better qualifies them to make suggestions as to the sufficiency of a currency and banking system than the bankers and business men. Ought we, therefore, to ignore their recommendations and reject their financial judgment as to the proper method of reforming our financial system merely because of the suspicion which exists against them in the minds of many of our fellow citizens? Is it not the duty of Congress to take up the plan suggested, examine it from all standpoints, give impartial consideration to the testimony of those whose experience ought to fit them to give the best advice on the subject, and then to adopt some plan which will secure the benefits desired?

A banking and currency system seems far away from the wage-earner and farmer, but the fact is that they are vitally interested in a safe system of currency which shall graduate its volume to the amount needed and which shall prevent times of artificial stringency that frighten capital, stop employment, prevent the meeting of the payroll, destroy local markets and produce penury and want.

(Extract from President Taft's Message to Congress December 6, 1912.)

Banking and Currency Reform—How Can It Be Secured?

By Hon. Lyman J. Gage, Former Secretary of the Treasury.

IT is to be doubted if any question touching the public economic welfare is more pressing than the one embraced in the headlines of this article, and it is doubtful if there be any important question more neglected.

There is, to be sure, a general all-around admission that "reform" is needed; but as to the principles which should govern such reform, there is comparatively little knowledge. At best this knowledge is held by a few, and their efforts to bring in reform appear to be nullified by the public apathy and indifference. We seem to have become involved in a vicious circle, or to have reached what the French would call an *"impasse."*

Congress Waiting for a Mandate from the People.

It is, of course, recognized that "reform" must come, if it come, through Congressional action. Congress, however, awaits the mandate of the people. The people, conscious of their own inability to fully understand the question and formulate proper remedies, refer the problem to the bankers, in whom they repose high confidence.

It is disputed, I know, that the banking fraternity enjoys the confidence of the public; but the fact that the people of the United States have at this moment from fifteen to twenty billions of their financial resources deposited in the hands of the banking fraternity, is a sufficient demonstration of the confidence claimed.

The banking interest, with more or less aid from financial students and possibly experts, prepare measures and secure representation to Congress. Congress—that is to say the representatives of the people composing it—hardly better informed than the people they represent, receive these proposals with but lukewarm interest. They are suspicious of the sources from which they emanate, and they excuse themselves from necessary study of the question, and especially from all activity in favoring reform, by asserting, in substance, "We hear nothing from our constituents on this question. We are

ready to take action when they manifest a desire that we do so"; and if they should speak their whole mind, they would add, "We are afraid these proposals are but a scheme in the interest of banks and bankers for whose special benefit we can hardly be expected to concern ourselves."

This, then, is the situation:

A public with small knowledge of the proper remedies for our poorly constituted banking and currency system.

A Congress unwilling to respond unless to a popular demand.

The body of bankers, with better apprehensions of what is needed, but without the necessary influence to secure its inauguration.

The situation is aggravated by the lack of unity among bankers themselves. What, then, is to be done? Shall we drift along as in the past until new calamities again enforce the lesson we ought already to have sufficiently learned?

The most obvious suggestion is that banking men should unite their views upon some particular measures and consolidate their influence in their behalf.

Does not the so-called Aldrich bill embody provisions adequate, if formulated into law, to be effective to the end desired?

I will not argue the question here. I merely assert my opinion in the affirmative.

Given, however, a consensus of opinion by the bankers, it would still be necessary to gain for it the political support and hearty endorsement of the business public.

That cannot be gained in any other manner than by disseminating a knowledge of the truth, as that truth relates to the hazards of our present system, and to the adequacy of measures proposed. On both aspects of the case, there is a lamentable lack of knowledge among even our more intelligent business men. They would like to know, and they would like to help; but in regard to this subject they are "from Missouri." The twenty thousand, more or less, banks and bankers in the United States constitute convenient, fairly effective and already established factors or agencies which can be utilized for the dissemination of knowledge and for securing needful coöperation.

In every town of five thousand people or more, the bankers should be induced to associate for the consideration of the matter, and where possible to induce representative business men to meet where they may listen to a fair presentation of the question, their real interest in it made clear and their coöperative interest secured.

Bankers Must Lead in the Work.

In the logic of circumstances the burden of this action falls upon the bankers and something of a burden it no doubt is. But the bankers are, in a broad sense, the guardians and dispensers of that enormous force—credit—by the use of which the work of the world in these modern days is accomplished. The charge of the machinery, so to speak, by which credit is made effective to the world's work is in their hands. From the orderly use of it they gain appropriate reward, and in the regular continuous operation of it they, and the whole community, are most deeply concerned. The primary responsibility for proper conditions favorable to the affairs of credit rests upon the banks; and perceiving as they must the weakness and dangers of our system as now organized, they ought to take the initiative for betterment, or reform.

A Definite Mode of Procedure.

I propose, then, that proper action be taken by the bankers of New York city. If a few New York bankers—a dozen or fifteen is enough—would associate in a friendly way to push reform they could successfully adopt a programme that would inevitably lead to it.

How should they proceed? Well, I venture suggestions only. The small body to which I have just referred

should appoint a general committee of, say, seventeen or more, intelligent fairly representative bankers from ten or more representative cities. Let this committee meet and stay in session long enough to agree, if they can, on some bill—the Aldrich bill, if you please—and formulate plans to carry on the missionary work necessary to inform and interest the business public.

Paid agencies of a superior quality would undoubtedly be required and a considerable fund for expenses would be necessary. The latter could easily be secured through the proper appeal to the banks of the country. A contribution from each of an amount equal to one one-hundredths of one per cent. upon their respective capitals would furnish a fund of two hundred thousand dollars or more, which would be twice sufficient. Will it be said, "The bankers themselves, nor even the committee of seventeen, can agree upon anything"? Well, if that be so, it is well enough to learn the fact. If such a body cannot agree, it is idle to suppose that Congress can.

In that case let us confess our inability to conduct in an intelligent manner the affairs of our economic life, as that life is involved in or related to credit, and so dismiss from thought and profitless discussion the whole subject matter of banking and currency reform.

Monetary Reform

By Hon. Theodore E. Burton, United States Senator from Ohio.

THE opinion that the banking and currency system of the United States urgently requires reform is practically universal. It is conceded that our currency is inelastic, that the means for the utilization of reserves in time of danger are inadequate, that there are no effective provisions for recovery in time of panic. Still further opportunities for the investment of money in times of surplus supply are notably deficient. The only question is: What shall be done? In answering this question, there is a great variety of opinion. The legislator is confronted by the slowness of the people to arrive at a rational comprehension of the evils which exist and much more by the variety of remedies suggested.

Blighting Influence of Selfish Interest and Unintelligent Opinion.

There has been no subject upon which selfish interest and unintelligent opinion have exercised a more blighting influence than upon the monetary legislation of this country. For more than fifty years from the beginning of our national life banks were established under special acts of the legislature, and the granting of a charter was often the result of political favor. The privilege was regarded as one of great value, and was granted to prominent men or leaders of political parties. Stock subscriptions were often paid in notes and there was no effective requirement for their collection. Statements were not required. There was no sufficient provision for the security of deposits or note issues. The note-issuing feature assumed an especial prominence; indeed, many banks were organized not for deposit banking, nor for loans to communities in which they were located, but for the sake of issuing circulating notes. Note issues depreciated in value or became worthless. It was an important part of the work of a bank cashier to distinguish genuine bills from the many counterfeits which were in circulation. It is not too much to say that the growth of the country in the years preceding the Civil War was very much hampered by defective banking laws in various States. John Adams said, in a letter to Thomas Jefferson in the year 1787:

All the perplexities, confusions and distresses in America arise not from defects in their Constitution or Confederation, not from the want of honor or virtue, so much as from downright ignorance of the nature of coin, credit and circulation.

Shay's Rebellion, which occurred in Massachusetts at about the time of the writing of this letter, had as one of its principal objects the issuance of a depreciated currency. In at least half the States there were bitter contests between the party of inflation and those who stood for sound money in most of which the party of inflation triumphed. The results of the same crude ideas of finance and play of selfish interests have been in evidence ever since.

A very numerous body of citizens still adhere to the idea that currency should be issued directly by the Government itself. Notwithstanding the vitality of this opinion, it has been rejected by all the most advanced nations of the earth and has brought upon itself the condemnation of all the most careful students of the subject. There may have been instances in which the issues of paper money bearing the stamp of the Government and not accompanied by regulations requiring its redemption in specie were absolutely necessary to preserve the life of a nation. This was probably true in the time of the Civil War, however much the exigency was regretted.

The existence of a comparatively small amount of currency which rests upon the credit of the Government may not cause serious disturbance. The three hundred and forty-six millions of greenbacks which are now outstanding have become an integral part of our currency, but they constitute so comparatively small a share of the money of the country that while an ideal plan would require their withdrawal, they may be likened to the token coins—the half-dollars, quarters and minor currency, the issuance of which by universal consent is regarded as a source of profit to the Government and a proper function for it to perform.

But in providing for the varying demands for money, it is impossible for a political administration to secure the best results. By very general consent this function has been left to banks under a greater or less degree of Governmental supervision especially exercised to secure stability and safety. Banks issue currency in response to the demands of trade. Governmental currency naturally is not issued in response to calls from those engaged in industry, but by reason of the necessities of the Government in meeting demands upon its Treasury or to conform to the political views of large numbers of voters.

The influence of political action or legislative policies upon the prosperity of a country has always been much exaggerated. In every time of depression even when plainly traceable to drought or flood or some other perfectly obvious cause there is always a multitude of those who think a remedy can be obtained by the creation of more paper money. On the other hand there are not lacking persons whose interests would be subserved by a restriction of the quantity in circulation. Each class whether actuated by selfishness or ignorance, is, of course, earnest in the advocacy of governmental action which would suit their views. Should the decision be left to the insistent demands of a temporary majority, there is no assurance that either a wise or a just conclusion would be reached. Again, in meeting the unequal demands for money caused by seasonal variations or different degrees of business activity, it would be essential that the quantity should vary. If left to the Government it must vary either in pursuance of legislative authority or under the control of the executive department. If the quantity could be changed only by legislative authority, action would be tardy; if left to the executive department, an undue degree of power would be given to this branch which would be subject to abuse and to changes with different administrations according to their different ideas of finance.

Those in control of political affairs are not in that immediate touch with the manifold business interest of the

country which is essential to the most judicious action. Banking institutions are in immediate contact with commercial and industrial operations and in the transaction of their business they must have a full understanding of the various needs and conditions of the communities in which they are located. In case their issues are redundant, reserves should be utilized for the redemption of notes, thus restricting circulation; in times of panic or stringency, there should be well regulated provisions for a proper increase in the volume of currency to tide over the dangers impending.

Conclusions in Regard to Note Issues.

Experience and intelligent consideration in most countries where different plans for banking have been most thoroughly tried have led to three well defined conclusions in regard to note issues:

1. That the issue of paper money by a Government is not only perilous, but badly adapted to meet the demands of trade and industry.
2. That the authority to issue circulating notes should be concentrated either in a single institution or in a very small number of institutions, and the most substantial advantages result from the existence of a central organization which can keep in touch with the whole country.
3. That to secure elasticity and safety alike, banking assets afford the best basis for currency issues.

There are substantial differences in the United States as compared with many nations of Europe in extent of territory, but with modern means of communication these are minimized and the advantages of a central organization are of the same general nature as in France or England.

Divers propositions are pending under which a certain number of independent organizations designed to secure coöperation over a considerable area are to be established. Such a plan would, no doubt, possess material advantages over the present system of scattered and separate units, but they would still be subject to the palpable objections which exist at present. Organizations centering at New Orleans, Chicago or San Francisco, would seek to maintain their own credit and supply their customers without regard to the needs of others. There would not be unity of action in facing a financial storm. One organization might have a very considerable surplus while others would be oppressed by a serious scarcity. The banking of the country, like its transportation and all the operations of our business life, is more and more becoming national, and this applies with special emphasis to the utilization of banking reserves.

Objects to be Secured in Any Reform of Our Banking System.

There are several objects to be secured in any reform of our banking system. An opportunity for investment should be afforded which will enable banks and investors to utilize their surplus funds in time of slack demand. Opportunities for permanent investments are not lacking now, but those for short time loans are very much restricted. It is evident that only those of the latter type are suitable for commercial banks. The granting of authority to strong financial institutions to guarantee the payment of notes and bills of exchange will go far to solve this problem. This method is already in vogue in Europe. Such a plan would also clearly relieve our population, especially in the more remote portions of the country, by lowering the rates of interest. This is another object which should be secured. Banking rates in the United States vary from perhaps four to ten per cent. The different degrees of risks in different sections afford no explanation for this very considerable disparity. It is due to a lack of coöperation and a failure to give lenders and borrowers alike the benefit of adequate assurance of proper security.

Another improvement in our banking system which urgently requires at-

tention arises from the necessity of taking care of transactions in foreign countries. The amounts paid to foreign banks for the transaction of business connected with our international trade is very large and can be diminished very greatly by proper banking facilities which would benefit alike our investors and our traders.

Another benefit to be secured is a larger authority to the banks to lend upon real estate mortgages. There has been much interest recently in the coöperative institutions of foreign countries which aim to give credit to the farmers. This subject is worthy of the most serious consideration, although it is doubtful whether in the United States, where farmers are more in touch with general lines of investments, this plan would be feasible. Although the original idea was that the national banks should provide only for short time loans and for the needs of commercial communities, it certainly would be helpful to afford to them at least a limited opportunity to invest in funds secured by mortgages on real estate. In my judgment all of these objects are much better secured by the proposals of the Monetary Commission, which made its report a year ago, than by any other plan which has been developed. If there is any other method which is its superior, let it be presented for consideration.

Notwithstanding the faults of the past and the slowness of the people to approve salutary legislation for banking reform, there is no reason for discouragement. The national banks mark a great advance in uniformity of note issues and the degree of security afforded. The Federal Government imposes upon them regulations relating to inspection and methods of investment far beyond those in vogue in Europe.

Similar laws for the security of depositors and for proper management of banks have now been adopted in most of the States. Very recently a change of opinion has occurred which is most encouraging. Five years ago it was the very general opinion among many who were most influential in financial circles that currency issues should have as their security bonds, not merely those of the Government, but those issued by States, municipalities and railroads as well. Many of the older generation who recalled the numerous bank failures prior to the Civil War were especially strong in this view; yet it has been very generally abandoned and the conclusion reached that the assets of banks afford a far better basis for currency issues.

Financial and Banking Reform

By Hon. Charles N. Fowler, Former Chairman Banking and Currency Committee, House of Representatives.

THE financial and banking reforms I recommed are these:

First: Holding companies in the banking business must be completely wiped out. That is, one bank must not control other banks by holding their stock.

Second: Every national bank should be authorized to do.

(1) A commercial banking business.

(2) A savings bank business.

(3) A trust company business.

(4) A note issue business, precisely as the Canadian banks do.

Third: All the various accounts—commercial, savings, trust, and note issues, should be segregated.

Fourth: Every bank in the United States should be compelled to carry the same amount of bank reserves.

Fifth: All bank reserves should consist of gold or gold certificates, as soon as the United States notes can be converted into gold certificates.

Sixth: Every bank in the United States should be brought under national control, because banking is essentially interstate commerce.

Seventh: Every natural financial centre in the United States should become the clearing centre for all the checks, drafts, and bank notes that are payable in the territory that is economically and naturally tributary to that financial centre; such territory should constitute a commercial zone.

Eighth: There should be organized at each of these financial centres a clearing house at which all the checks, drafts, and bank notes, payable within the commercial zone, shall be at par.

Ninth: The banks of each commercial zone should elect a board of control to examine, supervise, and control all the banks within such commercial zone, precisely as the clearing house bank examiners are examining and supervising all banks clearing through them today.

Tenth: The banks of each commercial zone should also elect a court of appeals, or a banker's council, composed of an equal number of business men and bankers to settle all banking and business questions that would properly come before them.

Eleventh: The board of control in each commercial zone should be presided over by a deputy United States Comptroller for the purpose of securing immediate and efficient action.

Twelfth: The banks of the United States should all contribute a percentage of their deposits to a central reserve, which should be composed of gold, and gold alone. The percentage of deposit should be seven per cent. at the outset, and be gradually increased to ten per cent., which would amount, at the present time, to a central gold reserve of upwards of $1,250,000,000. This reserve would correspond to the reserve held to-day by the clearing-houses for their banks.

Thirteenth: This central gold reserve should be held in trust by a body of men composed of one man from each commercial zone, for the benefit of all the commercial zones.

Fourteenth: Each board of control should have access to this central gold reserve, and should have power to sell gold to any bank within its zone and under its supervision, in case it desired it for the purpose of moving crops or for any other legitimate reason. The practical result would be, that the gold would be held, to a large extent, at the financial centres, and under the command of the board of control, precisely as the clearing-house committees to-day hold the reserves of the banks constituting their respective clearing-houses.

Fifteenth: The use, distribution, and control of the central gold reserve should be under the management of the representatives of all the commercial zones, who should be composed equally of business men and bankers.

Sixteenth: For the purpose of establishing responsibility and securing efficiency, the representatives of the zones should act through corporate powers granted by the National Government.

Seventeenth: The purpose of a national centralization of gold to so large an extent is two-fold:

(1) It brings all the banking power of the United States to the defense of the commercial interests in every part of the United States instantaneously.

(2) It will give to the representatives of the zones the power to control and direct the movement of gold to and from the United States, by fixing and enforcing a price for the use of gold, or a discount rate for gold transactions throughout the United States.

These reforms are based upon three distinct propositions:

First: They incorporate the principles of a central gold reserve, as illustrated by the Bank of England, where all the transactions are in gold, and gold alone, without the use or in-

tervention of bank credit in the form of bank credit notes, which could be used for reserves by the banks throughout Great Britain.

Second: They incorporate the principle of bank credit currency, as illustrated by the bank-note system of Canada, which involves daily redemption in gold coin through the clearing-houses.

Third: They extend to every economic or natural commercial zone the established and approved practices of the American clearing-houses, that is:

(1) Bank supervision and control over all members.

(2) A reserve created by all the members of the clearing-house and held by the clearing-house committee for the benefit of all the members.

(3) A free check system over every commercial zone, precisely as New England has been since 1899, and as a large territory around New York has just become by the action of the New York Clearing-House.

The result of these reforms would be:

(1) To make each individual bank absolutely independent, because it has an unlimited resource in the coöperative gold reserve.

(2) To make every commercial zone as free and independent of every other commercial zone as England is of France, or France is of Germany.

(3) To completely decentralize all bank credit in the United States, while it centralizes the gold to a degree that would enable us by raising the discount rate to close the door of our markets against the demands for gold from abroad.

(4) To insure all depositors in national banks against loss.

(5) To liquefy and therefore develop a general market for commercial paper.

(6) To save the business interests of this country more than $200,000,000 every year, to say nothing of the incalculable losses growing out of our ever recurring panics.

OPINIONS OF PROMINENT BANKERS

Differentiating Our Banking, Currency and Credit Problems —National Reserve Plan Approved

By Alexander Gilbert, President Market and Fulton National Bank, New York; Former President New York Clearing-House Association.

VERY few who discuss banking problems understand clearly how to differentiate credit and currency. With many currency seems to be the important factor in the problem, the great cure-all for money spasms and panics, and in their efforts to think out a system that will remedy our banking defects they fail to grasp the more important factors in the problem.

Ninety-five per cent. of the business of the country is done on credit, hence it follows that ninety-five per cent. of the purchasing power of the country is credit ,and when business conditions are normal the volume of credit rises and falls in harmony with the expansion and contraction of business.

To properly understand what is lacking in our present system it is necessary to differentiate commercial credit, banking credit, the lawful money re-

serve and national bank notes. Commercial credit, which results from the business intercourse of business men with each other; banking credit, which results from the discounts and loans made by banks and money institutions to business men; the lawful money reserve—gold, gold and silver notes and United States notes—which banks are required to carry as a reserve against deposits; national bank notes, the notes which national banks are permitted to issue, but which do not count in the lawful money reserve.

These are the four essentials under our banking system upon which the business prosperity of the country depends; we cannot disregard either of them. Any system introduced as a substitute for our present system or as a supplement thereto must make provision for the maintenance at all times of a normal supply of banking credit, and of the lawful money reserve and of bank notes. The business of the country can never run smoothly if there is a scarcity of either of these. The great superstructure of commercial credit which results from the business operations of the country, and which measures the business prosperity of the people, rests at all times on the maintenance of a sufficient supply of these three essentials. Hence any plan of banking reform which aims only to provide for an additional supply of bank notes to tide over emergencies can never be anything more than an inefficient remedy. Bank notes are important to move crops, to pay wages, and to make retail purchases; but when the credit equilibrium demands an increased volume of banking credit, relief can only come through an increased volume of the lawful money reserve.

No better object lesson illustrating the defects of our banking system could be given than the movement of the New York money market during the last three months of 1912. There had been no panic, no excessive speculation, and yet the interest rate fluctuated between six and twenty per cent. This abnormal action of the money market was brought about by a gradual expansion of business, a natural result of superabundant crops, accompanied by a withdrawal to a larger extent than usual of the funds of interior banks on deposit in New York. It is fair to say that this condition would not have obtained from the same causes in any other civilized country. Nor would it have obtained here if the National Reserve Association provided for in the Aldrich Bill had been in operation. The demand for money, either credit or currency, could have been very much larger without causing a ripple sufficiently large to attract even momentary attention. The preventive abroad would be the central bank, the bank of rediscount, to which the joint-stock bank could send their short-time commercial paper and receive either credit or currency as wanted. And this would be such a natural, logical, businesslike operation that it would pass unnoticed in the financial columns of the day. There is nothing unusual about it, no hint of emergency currency, nor of Government relief, no complicated machinery—just a common-sense system, developed, tested and justified by the business experience of the past two hundred years.

Let me illustrate. A merchant in the midst of a very active money market looks over his bills payable account and finds that he has notes outstanding immediately falling due largely in excess of his cash assets; what does he do? The simplest thing imaginable; he looks over his portfolio, selects an amount of commercial paper sufficient to cover his notes payable, takes them to his bank and has them discounted; his maturing paper is provided for and his business is not subiected to any strain. That thing is going on all the time, it is the common custom and ordinary experience of the business world, the result of which is represented by the huge volume of commercial credit always outstanding. The slightest interruption of this process would excite apprehension and distrust and if continued would at once contract the business operations of the country.

So long as the banks of the country

can meet the demands of their customers for banking credit by discounting commercial paper as business requires, there will be no interruption to business, but when through excessive speculation or over-expansion of business, or both together, or from any other cause, the banks find the money pressure so great that they cannot supply the demand for banking credit, what happens? In any other country than ours nothing extraordinary would happen; the banks would just open their portfolios and select their short-time commercial paper and take it to the central bank, the reserve bank, the bank of rediscount, and have the proceeds placed to their credit, and business would move along as usual. But with us something would happen; interest rates would rapidly increase, the price of securities would drop, business would contract in volume, and if speculation was very excessive it might result in panic. We have had this experience many times during the past fifty years, much if not all of which could have been avoided if added to our present banking system there had been a bank of rediscount, such as has been formulated in the bill of the Monetary Commission now before Congress.

National Reserve Association Would Meet Our Requirements.

I have devoted much time to the study of the proposed National Reserve Association. The more I study it the more it appeals to me as possessing just those elements which our present system lacks, and just the elements which the business of the country requires to make our system as efficient as any in the world. It will give us a bank of rediscount. It will make an open money market possible. It will, as a Government depository, remedy the evil caused by the withdrawal of Government funds from the money market. It will bring about a greater centralization of reserves than is possible under our present system. It will make possible an automatic expansion and contraction of our currency and do away with currency famine in the future. It will put our money market in closer touch with the money markets of Europe and facilitate foreign exchanges and the negotiation of foreign loans when necessary. Its large capital, and its heavy reserve against note issues and deposits, will give it a commanding position and influence among the great banking institutions of the world.

The bill before Congress for the creation of such an institution is the result of the most deliberate consideration not only by the Monetary Commission, but by the banking interests of the country as well, and it would seem to embody all that is necessary to remedy the defects of our present system.

Many criticisms have been urged against the bill, most of which have little foundation to rest upon. The only one of serious importance is that which refers to the danger of over-expansion. The bill requires the bank to carry fifty per cent. cash reserve against deposits and circulating notes, and when the reserve falls to 33⅓ per cent. it must cease to issue additional notes. Its dealings are confined to banks and the Government. Its investments are restricted to discounting prime commercial paper having not more than twenty-eight days to run, commercial paper having not more than four months to run when guaranteed by the local association, single-name paper drawn by banks when endorsed by the local association and approved by the Secretary of the Treasury. Also the purchase of United States and State bonds, gold and foreign exchange.

Inasmuch as banks would not be likely to call upon the local association to guarantee or endorse for them except in times of severe money pressure or panic, the bulk of the paper discounted by the reserve association would be paper having not more than twenty-eight days to run. The quick and continuous maturity of this paper, combined with the large capitalization and large cash reserves against deposits and

note issues, would seemingly be an ample guarantee against over-expansion. It certainly would be a stronger safeguard than is possessed by any bank of rediscount in the world.

Another alleged danger is that the moneyed interests may obtain control of it. How this can be accomplished is not pointed out. It certainly cannot be by stock ownership, for stock can only be owned by banks, and no bank can invest more than twenty per cent of its own capital in it, and it is not transferable. Control of the directorate seems to be amply provided against. It would hardly seem possible for any combination to obtain control as the bill now stands. Additional safeguards can be added, however, if necessary. The strongest safeguard would seem to be that the moneyed interests could not use it to their own profit if they should obtain control. Its funds can only be used for discounting commercial paper, buying United States and State bonds, gold and foreign exchange. Its loans and discounts can only be made to banks. The bill very likely can be strengthened in some particulars, but its essential features should be incorporated into any reform measure that is offered as a substitute.

Banks Need for an Emergency an Investment Easily Convertible Into Cash Without Loss

By George S. Mumford, President Commonwealth Trust Company, Boston, Mass.

It is unfortunate that the public generally should have such false notions of the profits made by banks, for one of the chief causes of the difficulty we are finding in obtaining new banking and currency legislation lies in this popular fallacy. An extended investigation of banks would quickly show that in the regular course of their business—loaning to depositors and purchasing commercial paper—their earnings are usually barely sufficient to take care of expenses, dividends to stockholders and losses.

Their other earnings come almost entirely from their profits on investments in bonds or other long-time securities.

Of course, when trouble comes the banks must help the business community, and they quickly find it necessary to liquidate these long-time investments—often a difficult matter at such times—in order to get additional cash in hand.

I suppose that bankers all recognize that there ought to be some form of investment for this emergency more easily turned into cash without loss, and some of the best features of the so-called Aldrich Bill are intended to meet this need. It may be possible to find some better resource than suggested by this bill, but there is nothing more emphatically needed to enable the banks to serve business interests when called upon than a secondary reserve underlying their demand loans which can be instantly converted into cash. Whether the Aldrich Bill or some similar bill becomes a law or not, it at least has proved of great value to the business community in concentrating attention upon the necessity for such a secondary reserve.

A comprehensive banking and currency bill may not be possible for some time to come, but the education of the public can go right on, and in no respect is this more important than in the direction already mentioned, and also in drawing attention to the existing method of subdividing the total cash reserve of the country into thousands of small units each in the vaults of a separate bank. This has

been likened by an able banker to the dividing of the fire protection of a town into little units located in each separate building, instead of having one protective and carefully regulated central station for protection from fire.

Machinery for Adjusting the Volume of Currency to the Needs of Business

By Francis B. Sears, Vice-President National Shawmut Bank, Boston, Mass.

IN response to your inquiry I willing send you the following statement of my views as to needed bank legislation.

The one need above all others is for some machinery which will adjust the volume of currency to the requirements of business. There are two ways of accomplishing this. One is to allow banks to issue their own notes as needed. Under proper restrictions and supervision this can be done safely. The notes should not be available for legal tender nor for reserve, and should be a first lien upon the assets of the bank. They can be further secured by the proceeds of an annual tax.

To my mind the better way is to have bank notes issued only by a central or reserve bank. The so-called Aldrich Plan had great merit. The notes of such a bank should have no legal tender nor reserve properties, for a bank-note currency cannot be elastic unless there are strong inducements for the redemption of notes when the amount is redundant.

The national banking system as a whole is capable of improvement, although the changes needed are of minor importance compared with this question of the currency.

Any system of currency reform should include the retirement of the United States legal-tender notes so that our currency should consist of gold and gold certificates as a basis of our financial system, silver and silver certificates for minor transactions, and bank notes for temporary use and prompt redemption.

Believes the Aldrich Plan Worthy of Trial

By S. F. Carter, President Lumberman's National Bank, Houston, Texas.

I BELIEVE that the revision of our banking and currency system suggested in the Aldrich Bill is worth the trial and along the right line, and we are merely delaying the benefits of the ultimate success of some plan by procrastination in the adoption of the Aldrich Bill or some similar measure.

I feel sure that the bankers of the United States—national, State and private—would welcome a condition of affairs where a large proportion of the circulating medium would not have to be shipped from one section of the country to another in order to move the crops, creating a drain on financial markets and interfering to a great extent with all lines of business, and causing violent fluctuations of exchange and interest rates; then, when the immediate necessity of such withdrawals and shipments and the placing of an enormous amount of currency in circulation, is relieved that the circulating medium should not flow back in such enormous quantities, necessitating its transportation to money centers in a way that the situation has to be

handled with almost as much difficulty. It must necessarily follow that the issue of circulating notes must be subsequent to and be created by the needs of business rather than precede them as a permanency.

Speaking from the standpoint of a Southern banker where these exigencies grow out of the movement of an enormous cotton crop in a short space of time, the authorization of the acceptance by national and State banks of time bills representing actual existing commodities in transit or in warehouses would afford a facility that would largely reduce the inconveniences of both the banking and commercial interests.

These bills of exchange, being accepted by responsible drawees and drawn by responsible drawers and bearing the endorsement of responsible payees, in many cases would constitute automatic three-name prime paper, running only a short time, and would naturally be absorbed in the various money markets and to a very great degree avoid the necessity of shipping large amounts of circulating notes into one section of the country at certain times and then shipping them all back to another section when that necessity was relieved.

A discussion of the Aldrich Bill *per se* is becoming somewhat of a bore, but the thing to do is to act, and after stripping the question of its possibilities of political capital, some conservative measure should be put through Congress in order that the practical side of this important matter could be worked out in daily transactions.

An Elastic Currency Would Help

By James B. Forgan, President First National Bank, Chicago.

DURING September, October and November the Chicago banks shipped to the country $70,000,000, as compared with $47,000,000 for the same months the previous year. As a consequence of this our banks have been called upon to liquidate their country bank deposits to an unusually large extent. These deposits were reduced $61,000,000 between the highest point they reached last Spring and November 26th last.

No stronger evidence is needed than is afforded by these figures to demonstrate the urgent necessity of some banking and currency legislation that will enable the banks to meet this annual demand for circulating money without the enforced liquidation of their deposits and the corresponding reduction of their legal reserve money to such an alarming extent. The opeation forms an annual menace to our system of bank credits and, therefore, to general business conditions. Our supply of circulating money is the same in volume when the demand for it is heavy as when it is light. Last spring money became a drug on the market and the rate of discount on commercial paper fell to three and one-half per cent. The banks through the country, as is their custom, shipped the surplus circulation for which they could find no further use to the banks at the centers and accumulated large balances at their credit there.

As central banks pay interest on country bank balances, they cannot afford to act simply as warehousemen of this surplus circulating money through which these balances are largely created. They, therefore, endeavor to force it out or they use it as cash reserves, which induces them to increase their loans at interest rates barely sufficient to cover cost. What we need is a scientific credit currency which will automatically adjust itself in volume to the supply and demand of commerce for it. Such a currency shipped from the centers in the fall, when there is need for it, would return

for actual redemption after it has served its crop-moving purposes and the volume of it would thus automatically be reduced by such amount of it as is not needed in commerce.

The alternate building up and liquidating of bank deposits at the centers which occurs with seasonal regularity and which forms such a menace to commerce is an enforced operation due to the lack of proper banking facilities.

It could be largely avoided by the use of an elastic currency, the volume of which would automatically adjust itself to the demand for it existing in commerce. This appeals to me as one of the most important and most impressive deductions to be made from the experience of the past season's business. I am glad to know that the incoming Administration at Washington seems alive to the necessity of doing something along the line of banking and currency reform.

Re-Enact the Aldrich-Vreeland Law

By Hon. Charles G. Dawes, President Central Trust Company of Illinois, Chicago; Former Comptroller of the Currency.

I WISH it were possible for me to comply with your suggestion to write an article, but find myself unable to do so. If I did write anything it would be to the bankers of the country to cease for a time the discussion of comprehensive plans of banking and currency reform which have little chance of passing into legislation, and to unite with all business men and the people generally in an effort to secure the re-enactment of the present Aldrich-Vreeland law, which expires by limitation in 1914. The fact that this great emergency measure has not yet been used has no bearing upon the tremendous importance of its re-enactment.

Local Central Organizations Under Federal Law

By E. D. Hulbert, Vice-President Merchants Loan and Trust Company, Chicago.

SO far as actual currency reform is concerned, as distinguished from banking reform, no very satisfactory plan has yet been proposed. My own judgment is that we are attaching altogether too much importance to this phase of the problem. There is no other country in the world in which commercial transactions are carried on so largely by checks, not much over five per cent. being settled with currency. Notwithstanding this, we have nearly the largest per capita circulation in the world, apparently about twice as much as we need.

Mr. Aldrich said in his speeches four or five years ago that if we would properly care for the credits of the country the currency would take care of itself. This is a vital truth which Mr. Aldrich apparently lost sight of afterwards.

The legitimate business interests of this country are getting all the credit they want under normal conditions. What they are demanding is that the legitimate credits granted in normal times shall not be withdrawn or curtailed every time bankers get scared about their reserves.

I believe there is a general tendency among bankers and business men to

crystallize on the idea of local associations without a Central Reserve Association.

The idea in a general way is this: The country will be divided into districts—as many as necessary. Each district will have a central organization under Federal law with clearing-house powers. Every bank in the district coming up to the required standard will be eligible for membership in the association. Whenever needed any member of the association may apply to the central body of the district for discounts, which will be paid in uniform bank notes to be issued by the Government in place of the notes now in use. The notes will be guaranteed by all the banks in each district, and provision will be made for prompt redemption in gold. Furthermore, *they will be retired when not needed,* a consummation devoutly to be wished, and which no other plan has adequately provided for. When the banks of any district guarantee currency, whether issued by the Government or not, they may be depended upon to see to it that the banks taking out such currency retire it promptly when the need has passed.

Of course, this does not go far enough to suit those who want to see our banking system entirely reorganized, but if adopted it will make it impossible in the future that solvent banks should suspend payment in a crisis, and it will make it impossible that the wheels of commerce should stop or the factories be shut down because currency can not be furnished for the payrolls. When we have done this, we shall have removed the only really dangerous feature of our system.

Nothing But a Central Organization Will Meet the Requirements of this Country

By Robert Wardrop, President Peoples National Bank, Pittsburgh, Pa.

As to needed bank legislation, I believe the plan suggested in the report of the National Monetary Commission embodied the right principles; the only question is in regard to the details.

We must accept the fact that nothing but a central organization will meet the requirements of this country. We certainly should profit by the experience of older countries which have adopted the central feature.

A Scientific Centralization of Reserves Necessary

By David R. Forgan, President National City Bank, Chicago.

This is the only civilized country that experiences periodic panics. Three years ago the Government appointed the National Monetary Commission for the purpose of finding out why this is so.

After a most exhaustive study of the subject, and after taking counsel with the highest financial authorities of all the leading countries, including our own, the Monetary Commission has prepared a bill which in their judgment will prevent future panics. The bankers of this country are almost unanimously in its favor. Discussion may disclose some minor changes as to details or organization which should be adopted, but some bill providing for the scientific centralization of reserves as a basis for an elastic currency and credit system must be passed if this country is to cease to bear the unenviable reputation in regard to panics which it now has.

The simple fact is that there is a scientific centralization of reserves which is well established and recognized by all competent authority, and which has been adopted by all of the leading commercial nations, excepting the United States, and the sooner we fall into line, and profit by the universal experience of the financial world, the better it will be for all classes and conditions of the inhabitants of this country.

Make the Bank Circulation More Flexible

By Logan C. Murray, President American National Bank, Louisville, Ky.; Former President American Bankers' Association.

It is needless to go into the valuable suggestions contained in the National Reserve Plan. There is much that is extremely beneficial to be accomplished by a simple plan of reducing the bond-covered circulation—the increase in commercial credits to a reasonable amount—and a plan for its being done without elaborate machinery. I think the Aldrich-Vreeland law, which will expire in 1914, ought to be re-enacted as the five hundred millions of circulation to be issued above bond-secured circulation now in existence is a valuable safeguard, and I would suggest that law should be amended so as to make commercial paper to a limited amount more available for use as a basis for circulation.

A plan for buying of two per cent. bonds by the Government at par is very desirable; and the taking away of Government deposits in national banks is an undesirable suggestion.

At all times, a bank ought to have some method of obtaining additional circulation for use in times of crisis.

Breaking Down of Credit Machinery Due to Faulty Laws

By J. C. Ainsworth, President United States National Bank, Portland, Oregon.

In my judgment there is no subject of greater importance to be brought before our new Administration than this reform of our banking laws.

Ninety per cent. of the business of this civilized country is done on credit, and when this piece of machinery is in perfect working order everything runs smoothly and business prospers; but when the machinery breaks down, serious evils follow, and this breaking down is entirely due to the faulty laws under which we operate. As often stated, we have a fair-weather banking system. Such troubles as occurred in 1907 can and should be prevented, for they are a disgrace to any civilized nation.

The needed legislation summed up in a nutshell would call for, first, a central reserve under Government control, which could be used in time of need rather than individual reserves in the vaults of each of our 25,000 banks, which by the nature of things cannot be used when most needed; second, an elastic currency, backed by the banks' best commercial paper, which could be used to move our crops and supply any legitimate demand, and relieve, rather than aggravate, matters in time of trouble; and, third, the creation of a central market for the sale or discount of commercial paper.

The above are the three salient points of a very carefully-worked out system proposed by the National Monetary Commission and should by

all means be put into operation by our new Administration, and the only reason it has not heretofore become a law is because of the fear of many good Americans that the system might be misused by politicians, or by the moneyed interests, a fear that in my judgment is absolutely groundless.

The actual gold reserves of our country are equal to the combined holdings of Germany, France and England, and with proper laws this country would not only become the money center, but should control the commerce of the world.

Supports the Recommendations of the Monetary Commission

By A. V. Hunter, President First National Bank, Denver, Colo.

I HAVE for many years felt that the banking system of this country should be modified to accord with the needs of our growth and development, and feel that the Aldrich-Vreeland Act, now on our statute books, has gone a long distance towards averting the initial severity of a panic. To my mind, however, the legislation should be amplified and extended and I believe the present recommendations of the National Monetary Commission constitute the most attractive and beneficial solution at this time. The sincere effort of the commission as evidenced in its bill to safeguard all interests is apparent, and the representation to the West truly generous. I trust that Congress may see fit to pass this bill in its entirety, and will gladly work to effect that end.

Present System Does Not Measure Up to the Needs of Trade and Commerce

By Hon. A. F. Dawson, President First National Bank, Davenport, Iowa; Former Member of Congress.

IF the United States is to go forward as a great commercial nation, we must have a monetary system that will measure up to the demands of modern business, and which will automatically adjust itself to the needs of trade and commerce in its seasons of variation. We do not have such a system now. The present system performs its functions well under normal conditions, but it fails completely when any unusual demand is made upon it. Congress owes it to the country and to itself to establish a system that will assure the transactions of the rapidly increasing business of the nation with safety and security.

My own opinion is that we should have a system which will provide (1) such elasticity as will respond to the varying needs of business at different seasons of the year, and as carefully safeguarded against inflation as against stringency; (2) the association of all banks into a nation-wide system, rather than one of scattered units, to obtain unity and coöperation; (3) the unification of bank reserves so that they can, in time of stress, be made available where most needed.

The need for providing such a permanent system will soon be imminent. It will be remembered that the so-called Aldrich-Vreeland Emergency Currency Act of 1908 expires by limitation in June, 1914. That act, I be-

lieve, protects the nation against a recurrence of the melancholy experience of 1907, and it is the plain duty of Congress to provide a permanent system, as good or better than this temporary one, before June of next year.

In addition to reform of the currency system, there should be revision of the National Bank Act, to lift the handicap which national banks in agricultural sections are now under in competing with State banks. National banks should at least have the privilege of making real estate loans and performing certain functions of trust companies and savings banks.

The Enervating Blight of Politics

By B. F. Davis, President City National Bank, Lansing, Mich.

As to the need of bank legislation of some kind, all agree; but just what it should be is the rub.

When so many experienced minds differ as to the proper remedy it would be sheer temerity on my part to attempt to struggle with the complex problem. But we want something different from what we now have and want it speedily.

If Congress would awaken to the importance of enacting a law with the urgent needs of the country only in view, i. e., entirely divorced from the enervating blight of politics, we would get it. But can we expect so much?

Greater Elasticity of the Currency Needed

By Sigo Myers, President National Bank of Savannah, Savannah, Ga.

GREATER elasticity of the currency is needed. Indeed, it is imperative if we are to make our banking system panic proof.

There is, it is true, difference of opinion as to the plan of accomplishing this object, but judging from the almost unanimous vote by which the Aldrich plan, as modified by the amendments suggested by the executive council, was approved by the American Bankers' Association at New Orleans, there would appear to be substantial agreement among bankers that the plan would be effectual. That no action was taken in the matter by the association at its late meeting is no indication of a change of sentiment or abatement of interest, for the reason that the officials of the association are coöperating with the National Citizens League, and with trades bodies, which are now actively promoting the work.

It is generally agreed that some agency other than the Government is required to furnish a currency which shall be so elastic as to respond automatically to the needs of business, and which shall be so secure that it will be universally accepted at its face value, as are now the bond-secured circulating notes.

The broadening of the discount market so as to provide some form of commercial bills of exchange, which shall conform substantially to the prime bills of England and the Continent, is a matter provided for in the Aldrich plan, and on which a large majority of bankers are agreed.

With so many points of agreement, it would appear to be entirely practicable to get together on a plan to accomplish the needed reforms.

In my opinion, the Aldrich plan with some modification is the most feasible yet presented. It will not be denied that any plan, to meet the requirements of the country, must provide some central agency, some coöperative bank or

national clearing-house where the reserves of banks can be concentrated so that they may be readily available anywhere in time of emergency.

The Reserve Association for which the Aldrich plan provides seems to me to meet the condition. It would be owned and controlled by banks, and the plan most ingeniously provides against the wresting of this control from them by "big business," politicians or any other selfish interest.

The Democratic party which has just elected its candidate for President increased its majority in the House and secured control of the Senate, has both great responsibility and splendid opportunity. Providing a sound banking system is equal in importance to the revision of the tariff. As a lifelong Democrat, I earnestly hope that my party, which is now coming into power, will render to the country the inestimable service of providing a banking system which will make panics impossible.

Country Has Outgrown the National Banking System

By Edward W. Lane, President Atlantic National Bank, Jacksonville, Fla.

THE national banking system was good in its day, but the country has outgrown it, and, therefore, the adoption of some improved monetary system is advisable.

In my opinion the Aldrich bill is the soundest, safest and sanest bill pertaining to banking and currency that has ever been presented before the American people; and it should be enacted into law with a few minor changes. I understand that the Aldrich-Vreeland Currency Law will expire within the next few months, which makes more important the passage of the Aldrich bill with as little delay as possible.

We are in the midst of great industrial activity, and such activity means heavy burdens upon the banks. This fact emphasizes the need for the adoption of a currency system of greater elasticity than that which we now have; and it behooves our Representatives in Congress to vote on this measure regardless of party and politics.

Legalization of the Means Adopted in 1907

By J. M. Elliott, President First National Bank, Los Angeles, Cal.

THAT banking legislation is imperatively needed we all believe, but it seems that anything suggested by a banker is considered as of no weight by our legislators. In fact, proposed remedial legislation of the very highest order and from the brightest minds in the banking business in the United States seems to be only set up for criticism and rejection by those who make our laws. I had hoped that the idea that has obtained for many years, that bankers were grasping and that any legislation suggested by them was naturally in their own interest exclusively, had been disproven by the course of events, but it seems that feeling still lingers. After 1908 I had hopes that something would be done. These hopes have not been fulfilled, largely I think because financial legislation, instead of being considered on its merits, has gotten into politics and anything good suggested by one side is immediately rejected by the other.

Practically, what we want is the legalization of the means so universally

adopted in 1907. Though technically an infraction of the law, the authorities, taking into consideration the urgency of the case, allowed it to go by without reproof, on the same basis, I presume, that the Bank of England has in cases of disturbance gone beyond its charter limits.

Present Banking System Without a Head

By Richard P. Joy, President National Bank of Commerce, Detroit, Mich.

OUR present banking system is without a head and individual banks must turn to other more fortunate individual banks (providing there are any such in time of panic) in financial centers in order to rediscount paper or borrow money in time of trouble.

Under our present system the great bulk of the reserves of city and country banks are kept in New York banks and loaned out on stock exchange collateral on call. This encourages speculation, particularly when call money rates are low.

Our present bond-secured currency is a relic of Civil War days and the law was enacted in order to create a market for Government bonds in 1863.

As over ninety per cent. of the country's business is done by the passing of checks which are a form of unsecured currency, it would seem that some method could be devised whereby currency could be guaranteed in some manner other than by bonds and yet be perfectly safe.

When banks desire a temporary loan to tide over an emergency, it would seem that a bankers' bank should be created where country banks could rediscount paper or borrow money; in other words, create credit.

When business credit is over-extended, we need to temporarily expand credit as well as currency to avoid a panic and some form of taxation could be devised, in my opinion, which would automatically contract both credit and currency and thus avoid over-expansion.

We need legislation in order to avoid panics which are an economic waste bearing heavily on both labor and capital.

If legislation is not forthcoming, it might be possible to incorporate a bankers' bank under our present Federal law, whose function would be to care for the requirements of other banks.

A Specific Programme for Banking and Currency Reform

By Gen. W. R. Hamby, President Citizens Bank and Trust Company, Austin, Texas.

OUR banking and currency laws should be amended so that State banks, which now have so large a part of the banking capital of the United States, may, under proper restrictions, enjoy some of the benefits of national legislation.

Currency associations, under national charter, with all the functions now exercised by clearing-houses, should be authorized and when necessary to protect the public credit should have authority to obtain relief legally and promptly.

A currency board should be created, clothed with such powers and functions as may be necessary to regulate and control banks and currency associations, and with authority to maintain the proper balance between credits and currency.

All currency should be uniform in appearance and design and should not bear the name of any bank or other in-

signia upon it and should be emitted by the Government. When issued through currency associations or to banks direct it should be supported by a strong reserve and every bank should be made an auxiliary to protect the gold in the Treasury.

The organization of associations should be authorized whose activities would be restricted to dealing in commercial paper, foreign and domestic exchange and similar lines of finance and with authority to conduct the business in foreign countries as well as in the United States.

Banks should be prohibited from paying interest on bank balances and from making loans when reserve is below the legal requirement. The law should require bank officers not only to be men of integrity and morality, but of experience in the banking business, and they should be prohibited from using funds of the bank except under stringent conditions.

For a Central Bank

By Edward P. Metcalf, President Atlantic National Bank, Providence, R. I., Former National Bank Examiner.

WE should have, in my opinion, a central bank, with possibly four branches, to represent the different sections, to which smaller banks may have recourse in time of need and obtain credit or currency for their rediscounted commercial paper. Inability to obtain such rediscounts, under our present system, is a serious inconvenience to banks quite often even under ordinary conditions and in time of panic both the banks and the people are constrained to hoard currency, thus greatly aggravating the difficulties incident to a monetary panic. With a central bank of rediscount, trouble of this character would disappear.

While favoring a central bank of rediscount to which banks might apply when necessary, I believe in a system of asset bank currency, provided the issue of such a currency is carefully safeguarded and an efficient method of redemption put into effect. The experience of the New England banks in issuing currency prior to the establishment of the National banking system seems to warrant the conclusion that a properly-devised system of asset currency is not impracticable.

Favors Monetary Commission Plan, Slightly Modified

By Oliver J. Sands, President American National Bank, Richmond, Va.

I AM thoroughly convinced that some immediate action should be taken in regard to our currency and banking system, and I am also of the opinion that the plan proposed by the Monetary Commission, with slight modifications, is what the country needs. What is politically possible is another thing. It may be that we will have to be satisfied with some slight modifications in our present banking system. If this is true, it would seem that the privilege should be given to national banks to issue additional circulation to the amount of capital, the additional circulation to be a first lien upon their assets.

The present National Bank Act should be amended in this particular. and the tax upon this additional circulation should be made reasonably high. and its issuance restricted so as to pre-

vent inflation, but not so restricted as to make it a reflection upon the credit of an institution taking advantage of the privilege.

The South particularly is dependent upon other sections of the country for about half of each year for the capital necessary to produce, harvest and market its crops, and it would give this growing section of the country a great impetus, if its people knew beyond question that it would be possible each year for the financial institutions of the South to take care of their legitimate business needs.

Remedial Legislation Needed Prior to June 30, 1914

By C. A. Hinsch, President Fifth-Third National Bank, Cincinnati, O.

THE main defect in our banking system is the rigidity of our national bank note issues.

The law should be so amended as to provide more elasticity, so that in times of plenty our circulation will automatically be reduced, and in times of money stringency will respond to the varying needs of commerce.

The Canadian banks are allowed to increase their circulating medium during the crop-moving period, on which they pay a tax to the Dominion Government.

It seems to me that some provision of that kind in this country could be worked out on simple lines. If this additional circulation was taxed a low rate at the beginning of the season, so as to induce the best banks to take it out, and the tax were to be increased each month, it would, without doubt, force its retirement after the special stress, incident to the crop-moving period, was over.

It should be borne in mind that the Vreeland-Aldrich bill was passed as a temporary expedient, and as the measure will expire on June 30, 1914, it is absolutely necessary for some legislation to be enacted prior to that time, to give business the protection it should have in time of financial stress.

The World's Best Banking System

By A. J. Frame, President Waukesha National Bank, Waukesha, Wis.

FIFTY years ago the United States was a house divided against itself. Its credit abroad was broken. Specie payments were suspended. The Northern statesmen conceived the great National Bank Act, to the end that United States bonds might be sold to obtain the wherewithal to prosecute the war. To make a market for the bonds, the national banks were permitted to issue currency based on these bonds. The ends seemed then to justify the means. History records the fact that, as to its banking functions, that act has developed the safest system for the depositor and at the same time has developed the best all-around banking system the world has ever known, the monopolistic branch banking advocates to the contrary notwithstanding. We all admit that for permanent uses the right to issue vast quantities of currency based on bonds has outlived its usefulness. The national banks get one per cent. profit out of it, and it is, therefore, a special privilege not enjoyed by other banks. Under the operation of the so-called Gresham Law the world's standard of gold and silver, these metals were either exported or hoarded during the war. Our credit was at so low an ebb in 1864 that it

took $2.80 in currency to buy $1 in gold. Time has remedied this defect. Our nation is reunited; our credit restored; specie payments resumed; our progress seems to know no bounds; because of a superabundance of silver bullion, silver except for subsidiary purposes has been demonetized; gold alone has become the standard of civilized nations; the world's stock has increased as much in the past twenty-five years as it did in the previous 400 years; because of the maxim that "rich countries will have all the coin they need, providing no impolitic act of legislation forces it out of circulation by the injection of inferior currencies," we have, under that natural economic law, accumulated the largest stock of gold of any nation. Under that same law our gold stock would have increased much more were it not for our excess of inferior currencies, to wit: 750 millions of national bank notes, 200 millions of United States notes not covered by gold, and 550 millions of fifty-cent silver dollars.

Practically all other progressive nations have abolished the issue of currency by banks in general. One central bank for each nation issues comparatively small amounts, not covered by gold, but largely for relief under restrictive conditions. Under these restrictions, unless covered by a sovereign of gold behind every pound note outstanding, the Bank of England can issue but ninety millions of dollars of currency without breaking the law. The Imperial Bank of Germany must pay five per cent. tax on all issues in excess of 130 millions of dollars. The Bank of Austria has like restrictions, and so on—the great bulk of such issues are practically gold certificates.

The day when issuing currency seemed justifiable was in the dim past when surplus capital was sadly deficient, and coin was scarce; whereas, to-day, both are abundant, and, therefore, the special privilege of issuing I. O. U.'s, which are nothing but "fictitious capital," is unnecessary and unjustifiable, except as an emergency measure, and then only in the day of stress to prevent, as far as possible, the calamitous conditions of cash suspension by banks, which results in paralyzing trade and industry in all its channels. This extra emergency currency should be penalized by a heavy tax to the end that it comes out only to relieve undue pressure, and to the end that it will automatically retire, as soon as pressure is over so that inflation or over-expansion of credit may not result. The claim that untaxed currency will retire when not needed is too absurd for argument. Why is it the 750 millions of national bank notes do not retire, when not needed? The one per-cent. profit spells the whole answer. Why is it the so-called greenbacks do not retire, when not needed? Unlike the wildcat currency of early days, distrust is eliminated, and now no one cares for redemption in coin. Let us, therefore, stop further issues of national bank notes; eliminate present issues by evolution, and not by revolution, as that is always destructive to economic equilibrium. Under such an elimination and under natural economic laws, the vacuum will automatically refill with the world's standard, gold. With these changes accomplished, our reform will be complete and we will far outstrip the world's banking systems wherever found.

Permit a short criticism of present arguments that the complex Monetary Commission Bill fills the void, followed by a simple suggestion for an effective remedy.

Criticism of the Monetary Commission Plan.

The Monetary Commission Bill provides for a big central bank with fifteen branches plus as many as the directors see fit to call into being. They can issue 900 millions of untaxed notes —300 millions more taxed only 1½ per cent., then any excess above 1,200 millions is to be taxed five per cent. The 1,200 millions far outstrips all Europe's uncovered currency. It spells inflation. In the five per cent. taxed currency alone lies true flexibility, and

this is the only question needing a solution. They accept deposits taken from present national bank cash reserves, and then loan fifty per cent. of the whole pot, in normal times even, in direct competition with the independent banks of the country. These central banks dissipate the reserves in normal times, thus defeating the very object sought, a full reservoir with which to allay distress.

Again, in the face of the fact that our great pyramid of credit is beyond conservative bounds now, as indicated by the report of the Comptroller of the Currency that our whole banking power exceeds that of all Europe combined; that our "loans and discounts" total about 18,000 millions of dollars, divided approximately as follows:

In various kinds of bonds	5,000	millions
In mortgage loans	3,500	"
In various collateral and time loans	5,000	"
In quick, liquid commercial paper	4,500	"

I say, in the face of these facts, why should this bill provide that the 7,400 national banks be allowed to loan their credit on acceptances, when there are three-fourths of the "loans and discounts" in non-quick assets, and but one-quarter in live paper? I warn all our correspondent banks that they will lose our account, and others, too, the moment they enter this brokerage field. It is not legitimate nor conservative banking.

In all seriousness, do not the foregoing provisions of the bill simply spell monopoly, inflation and over-expansion of credit, bordering on bubble-blowing?

With the knowledge that we are all seeking some simple method of relief, to let us down easy when we are flying too high, are the monopolists trying to undermine the great, independent banking system, and the non-conservatives trying to blow more bubbles? Are not those easy methods of further expanding credit, panic-breeders, instead of panic-preventers?

Is not the handwriting now upon the wall warning us against further expansion of credit? I beg of you, read Adam Smith's "Wealth of Nations"; read our own "History of Banking in all Nations"; read Sumner's "History of American Currency," or Hon. Andrew D. White's "Fiat Money in France"; read the warnings of the greatest political economist of our time, Paul Leroy Beaulieu, of Paris, who says the whole world's credit is over-expanded to-day, and this warning is corroborated by practically all of the chief conservative editorial writers of our great financial journals and magazines. Is not the Titantic disaster an object lesson, not to press on more steam? The barometric signal of high interest rates is the true warning that optimism has outrun conservatism.

To bolster up their arguments, one member of the Monetary Commission preaches broadcast the doctrine as to bank panics that "all other great nations have been exempt for practically half a century." Eminent bankers publicly proclaim that "ours is the only great banking country that suffers from money panics." These gentlemen doubtless mean that in the other great nations cash suspensions by banks generally have been avoided in the past fifty years, but the general public, including many great dailies of the United States, have absorbed the erroneous impression that panics do not occur abroad. Briefly, let us see if these fine distinctions of "bank" and "money panics" are justifiable, within the past fifty years, all within my clear recollection.

According to the "History of Banking in all Nations," and other authorities:

In 1866 Overend, Gurney & Co., bankers, of London, failed for fifty millions of dollars. Many other banks failed for 200 millions more. Banks generally in Great Britain practically stopped discounting.

In 1878 The City of Glasgow Bank, with 131 branches, went down owing

seventy millions of dollars. Also The West of England and South Wales Banking Co., with forty to fifty branches, for twenty-five millions. These, with other bank failures, carried the liabilities to over 100 millions. The "American Encyclopedia" dubbed these failures "almost a national disaster." (The deficiencies of these two banks exceeds the losses to all the depositors of all the national banks since the system was inaugurated.)

In 1890 Baring Bros. of London failed for 105 millions of dollars. Other failures occurred. The Bank of England borrowed of the Bank of France and the Imperial Banks of Russia and Germany twenty-five millions of gold. It issued extra bank notes thereon, and jointly with a guarantee of the great banks of Britain the Barings were liquidated, thus avoiding a world-wide upheaval. (Mark the fact that the temporary use of extra currency solved the trouble, but it was soon retired and normal conditions were restored as to currency issues.)

In 1892-'93, in Australia, out of twenty-eight great central banks, with 1,700 branches, thirteen central with 700 or 800 branches, failed for the stupendous sum of 450 millions of dollars. It took years under compulsory time given them under Government edict, to restore them to normal conditions again.

Even the Monetary Commission Reports indicate that the branch banking system of Canada shows comparatively five times as many failures as our national system, with a like result as to losses. But enough.

When we consider bald facts as to panics versus hair-splitting adjectives that mislead the masses; when we consider that the banking power of the great national banking system has averaged in the half century the equal of any other nation, and to-day far exceeds it; when we consider that ex-Comptroller Ridgely declared that the national system has "an unequalled record of soundness and safety"; when we consider the upheaval of our Civil War and the establishment of the world's gold standard, including the panics of 1873, 1893 and 1907, and still the losses under the national banking system to depositors are but a fraction compared to any other system known, we ought all to feel proud of it, and all join in an honest effort to provide a simple and effective remedy against cash suspensions by banks generally, when trouble threatens, but give no encouragement to inordinate expansion of credit in normal times. In ordinary times banks that cannot stand upon their own resources, with the splendid network of central reserve banks now at our service, are weaklings that are useless as nation-builders, therefore the only thing we need to perfect the best banking system the world ever knew, and to prevent cash suspension by banks generally, is to provide

A Simple Remedy.

To my mind, the best plan is for a Central Reserve Bank, but without branches, where we can mobilize a part of our reserves for use when panic threatens in any quarter of the country. Its operation should be like a full water reservoir, ready for any emergency, and not empty through loaning in competition with existing banks. It should be our servant, not our master. Extra currency issues to allay troubles should be penalized by a tax to compel its quick retirement after troubles are over, ready for the next emergency.

If we cannot obtain the one thing needful, to wit., relief in the day of trouble, without the serious defects of the Monetary Commission's Bill, then let us amend and extend the Aldrich-Vreeland Act, which will attain the end sought, with the serious objections eliminated.

The United States Treasurer now holds 500 millions of currency under that act, subject to the command of the national banks, on deposit, as security, of State, county, city or first-class municipal bonds; also, through the National Currency Associations, based on commercial paper or other good securities. The rate of interest to obtain

this extra currency is five per cent. per annum for the first month, then six per cent. for the next month and so on up to ten per cent. All the banks of the country hold more than 1,000 millions of dollars of the bonds eligible to use under that act. The national banks approximate 200 millions. The State banks and trust companies 250 millions; therefore, if the State banks and trust companies were permitted to comply with the act, with a slight increase of bonds easily attainable, the whole sum of 500 millions of extra currency could be obtained directly from the Government at Washington without resort to the permissive powers through the National Currency Associations. This sum, doubtless, is far in excess of any probable necessity, as distrust and fright would be minimized, because "You got 'em, I no want 'em. You no got 'em, I want 'em." As good laws regulating all banks now predominate in nearly every State, extend the rights to them, and as far as cash suspension by banks is concerned, it will be a nightmare to us no longer.

The operation is so simple any child can understand it. It keeps the boiler from exploding. It accomplishes the end sought, without monopoly, inflation or over-expansion of credit. It preserves inviolate the splendid, independent banking system of the United States which has done wonders in our upbuilding.

I am confident the moving spirits behind the subtle and complex Monetary Commission Bill desire to monopolize the independent banking system of the United States. They also, consciously or unconsciously, throw conservatism to the winds in advocating broad powers, not germane to the end sought. They throttle free discussion. An immense fund to carry their scheme has been freely used to "educate," on one side, in favor of the cause.

The man who claims that panics can be absolutely avoided either disregards the beacon lights of history or cares not for his own reputation. We can ameliorate, but not absolutely avoid panics, as long as human error exists and nature is fickle in her gifts to man.

I respectfully appeal to the great masses of thinking bankers to digest carefully these thoughts, and if they are logical join in the established truth, that the great National Bank Act, when amended, as desired by us all, so as to greatly strengthen the only weak link to the chain, we will add to the glory of the best banking system the world has ever known. Barring a few States without good laws, the remainder can justly claim for State and savings banks, also trust companies, approximately a like encomium. Let us give the monopolists a wide berth, but preserve and improve our splendid heritage.

Reserve Association Plan, with Modifications

By J. Fletcher Farrell, Vice-President Fort Dearborn National Bank, Chicago.

I AM heartily in favor of any legislation looking to the betterment of our monetary system.

It is universally conceded that our present system is faulty, and much-needed reforms should be made. Our present system lacks stability in times of financial stress; it lacks cohesion, for there is nothing tending to combine or unite the many banking units.

We need a currency system that is more elastic—one that is based on gold and commercial paper, properly secured and endorsed by good banks, a currency that will automatically respond to the needs of business at all times and under all conditions.

We need some central organization for the mobilization of our cash reserve to be run independent of partisan poli-

tics and not subject to the control of any set of financiers.

Any plan which we adopt must be adaptable to the different conditions and needs of every section of the United States.

I believe that the plan approved by the Monetary Commission, with few modifications, provides for that emergency. This, I believe, would be a tremendously effective measure for the making of good times.

Control of the National Reserve Association

By John Harsen Rhoades, of Rhoades & Co., Bankers, New York.

OBJECTIONS to the proposed National Reserve Association have been based largely on the ground that the method of organization and management therein contained might tend to render it easy for certain financial groups to get control of the institution and use it for their own advantage and possibly to the public detriment. The following suggestions are offered in the belief that they will tend to obviate objections of this character:

Under the Aldrich plan the method of election of the board of governors of the National Reserve or Bank of Banks at Washington, to all intents and purposes, is identical with that of the election of the directors of the local associations and branches.

I propose that this main body, in whose hands we American people must place the financial destiny of our nation, shall not be elected by the bankers nor by any special interest, but shall be singled out for that great honor and service by the President of the United States. My purpose is to adopt the method of procedure of the appointment of the Justices of the Supreme Court, who, as we know, are appointed for life by the President, subject to confirmation by the Senate. I would make one qualification, that the President shall appoint one-half of the board from the eastern section of the country and one-half from the western, the zones to be divided by a line running north and south through the centre of population, which line of demarcation tends to move further and further west as the country develops.

I propose that this board—the Court of Finance—shall be reduced from the unwieldy number of forty-five, as recommended under the Monetary Plan, to fourteen. Of this number six shall be practical bankers, one of whom shall be appointed to act as Governor General, six shall be appointed from the industrial, commercial, farming and other interests, and two shall be academic students of banking. There shall also be, as *ex-officio* members, the Secretary of the Treasury, the Secretary of Commerce and Labor and the Comptroller of the Currency, making seventeen in all. With the exception of the *ex-officio* members, these men shall devote themselves for life, to the exclusion of all other interests, through the work of the National Reserve, to the service of the nation.

It would be outside my province to suggest the proper compensation for the members of the court, my idea being that compensation should come from the Government and be commensurate with services rendered. Inasmuch as members of the court cannot be stockholders in the National Reserve—as only banks are eligible—I propose a scheme somewhat similar to that in vogue in Germany, whereby there shall be a stockholders' committee of five, with whom the court shall consult from time to time.

Let us now consider what objections will be raised. First and foremost, it will be said that in giving this power to the President we are bringing politics into banking. Upon this point I have but one thing to say. If, to guard our constitutional interests, we can trust the members of the Supreme

Court of law to appointment by the President, subject to confirmation by the Senate, why can we not, to protect our financial interests, entrust to him, with the same safeguard, the appointment of the members of the Court of Finance?

A second objection may be this: How are we to persuade our busy business men to serve?

If lawyers can be found unselfish enough, disinterested enough, to sacrifice their desire for wealth to the service of their country, is it possible we have no such bankers? I cannot, will not, believe it. Give them the opportunity and they will covet the privilege.

The Court of Finance, which I propose, is the supreme tribunal to whom the American people must entrust the financial destiny of their nation. These are the men who must be above suspicion. It is they who will set the standard of membership in the National Reserve, with authority to accept or reject an application. It is they who will have the power to expel. It is they who will control the discount rate—raise it to check speculation in the East—raise it to check speculation in the West—raise it when the financial seas are disturbed—lower it when the seas are calm. The question before us is not whether the financial destiny of the nation shall be in the hands of a few, but who shall be the few, and how they shall be made, so far as lies within our power, subservient to the will of all.

Prompt Revision of Our Banking and Currency Laws a Question of Paramount Importance

By Joseph G. Brown, President Citizens National Bank, Raleigh, N. C.

PERHAPS no question that has ever come before the American people has had such diligent and intelligent study as that which has been given to the banking and currency laws during the last few years.

The most eminent financiers, leading economists and wisest statesmen have given this subject their best thought. It would be presumptuous in me, therefore, to undertake to outline any definite plan.

If I were a member of the present Congress, however, I would regard as of paramount importance the prompt revision of our banking and currency laws, and with the results of recent investigations before me, I would lose but little time in trying to secure the necessary legislation in regard thereto. At the same time to the preparation of such a measure I would give the very best thought of which I was capable. In its consideration I would discard all politics, dismiss all prejudice, and set always before my face the imperative need of a better financial system.

I would not fail to place a proper estimate upon the work done by the Monetary Commission, and to recognize the ability of its members and their honesty of purpose; and I would concede to them that which I would claim for myself, a sincere desire to serve the best interests of my country. I would not hesitate, therefore, to avail myself of the material gathered by them, and to make use of all or any part of it that I felt would contribute to a satisfactory solution of this complex question.

I would keep constantly in mind the absolute necessity of a revision of our currency and banking laws; the prevention of panics; the need of coöperation and conservative action among the banks, the concentration of our scattered reserves so that in emergency they might be easily available; the creation of some agency through which a solvent bank could at all times secure funds for the needs of legitimate trade; the provision for a currency that would not only be safe but unfailing in supply, always available, and entirely adequate for the requirements of the larg-

est crops, and sufficiently elastic to respond readily to the demands of business; the elimination of any condition by which the smaller banks in the rural districts must be absolutely dependent upon the great city banks instead of relying upon their own prudence and conservatism; the justice of giving to all classes of banks the same privileges and surrounding them with the same restrictions; the prime necessity of a provision by which the products of the farm may be utilized as collateral as readily as stock exchange securities, and uniform interest rates to all alike.

If in search for these things I should be led to some great central agency, such as the other great nations seem to have found essential, I would not even hesitate at this, but would brave the prejudices of many good people and agree even to this feature, making sure, however, of such rigid supervision on the part of the Government that there could be no monopolistic or political control. I would seek to avoid a central bank, but to secure some satisfactory medium of coöperation.

Knowing the urgency of the need, I would advocate the adoption of the best plan that could be agreed upon, modifying, if necessary, my own views, feeling sure that in the united wisdom of all no unsafe measure would be passed; that almost any system would be an improvement on the present patchwork, and that if a bill following the lines of the one prepared by the National Monetary Commission should be adopted, we would have, at least, a basis upon which to build, and ultimately to perfect a system that would not only take care of our domestic business, but would give to this great country of ours the world-wide financial prestige and leadership to which she is rightly entitled.

Lending to Officers—Interest on Deposits—Clearing-House Organizations

By C. H. W. Foster, President Mutual National Bank, Boston, Mass.

TO create discussion, would it not be well to amend the National Bank Act in the following respects:

First: Prohibit the banks from lending to any of their officers or directors, to any corporation or firm in which any such officer or director is financially interested to an extent to influence his decisions.

This suggestion would not only be a safeguard against any improper use of the bank's money, but also it will tend to develop banking men, pure and simple. That is, induce men to go into the business of banking as such, and keep themselves free from other occupations. We need more men who have been born and bred in the business.

Second: Banks to be forbidden from paying interest on deposits in any way. At first thought this may seem to be aiding the banks in their profit earnings. Another view is that it will force banks to compete on a healthier basis. That is, it will attract customers through the physical conveniences of the banks and the benefit they can give on their loans—a much better kind of competition than through the payment of high rates of interest for deposits.

Again, it would seem as though a removal of payment of interest on deposits will lead to cheaper money for the business world. Banks now figure that their money costs them from one per cent. to two per cent., and this, of course, must be added to the rate at which they lend. If their money costs them nothing, they can lend at a lower rate. If no interest is paid on deposits, it may be assumed that the amount of deposits will be less, but the

amount of money in active business participation will be increased, and especially as regards actual cash, because deposits in a bank require a certain per cent. of cash reserve, and that would be free.

Third: Trust companies should be made to conform to the provisions of the National Bank Act.

Fourth: Construe the present rule in regard to lending not over ten per cent. of the bank's capital to any one person to apply to bonds and all form of loans.

Fifth: Prohibit underwritings and the engaging in general banking and brokerage business of buying and selling securities on commission.

Sixth: Allow banks to lend on real estate mortgages under proper conditions.

Seventh: Divide the country into a number of financial districts, say fifteen or twenty, each with a central clearing-house, all the banks in such districts to be members of this clearing-house association and each bank, irrespective of its size, to have one vote in its affairs.

Eighth: Have each such association elect six men to a clearing-house committee of seven. Have the seventh member, and possibly its chairman, the Government bank examiner for the district; a man of ability and experience, to be paid a salary large enough to attract a high-grade man. He should have such assistants and clerks as are necessary to conduct the examinations.

Ninth: Have this clearing-house committee empowered to issue, in times of emergency, clearing-house notes. These notes should be of two kinds, either short time, fixed payment date notes, which can be sold to banks or individuals having money; or in time of shortage of actual currency medium, then a clearing-house currency note bearing a high rate or carrying a high tax or other device which will call it in automatically when conditions become normal. The security back of these clearing-house notes to consist of bonds, commercial paper or other assets acceptable to the clearing-house committee, which can be instructed by the Comptroller under what rules and margin they can issue flexible currency.

If necessary closer relations with the Government can be established between these clearing houses, so that the certificates may be of unquestionable and equal value and acceptable as money in all places.

Extend the Aldrich-Vreeland Law

BY CHAS. S. CALWELL, PRESIDENT CORN EXCHANGE NATIONAL BANK, PHILADELPHIA.

OUR views on "Needed Banking Legislation" can be expressed in very few words. Let us alone and extend the time for the operation of the Aldrich-Vreeland Law.

A Currency System of Greater Elasticity

BY W. M. LADD, PRESIDENT LADD & TILTON BANK, PORTLAND, OREGON.

I THANK you for your invitation to express my views on needed bank legislation, for publication in the special number of your valued MAGAZINE. I never have written anything for publication. A most important need, however, is the adoption of a currency system of greater elasticity than that which we now have.

Circulation Based on Commercial Paper

BY W. B. COOPER, PRESIDENT AMERICAN NATIONAL BANK, WILMINGTON, N. C.

IT seems to me that if Congress would allow national banks to issue circulation based on good commercial paper, with a fifty per cent. margin and proper restrictions, it would help very

much indeed. Certainly it would help bankers in the South, where the demand for money is so much heavier than we can supply. This happens because the South is going ahead with such rapid strides.

The same fight so often made against currency inflation must be repeated against the inflation and depreciation of credit to which excessive expenditure and unwarranted borrowing inevitably lead.

Emergency Circulation Secured by Well-Rated Commercial Paper

By W. W. Berry, President American National Bank, Nashville, Tenn.

THE most needed legislation for banks is that Congress pass a law allowing all the States to issue emergency currency, relieving it of the ten per cent. tax and require one and one-half or two for one good, well-rated commercial paper to be put up as security for such emergency currency and a graduated rate of interest charged according to the period of time outstanding.

Care in Extending Credit

CONTRACT or expand credit unduly or improperly, said James J. Hill in a recent address, and the effects may be incomparably worse than those of the wildest experiments in currency tinkering that the world has ever seen. No cause has been more prolific of misfortune.

The excessive capitalization of trusts and of some less spectacular enterprises has much the same effect as an issue of cheap money. The same effect is produced by the increase of public indebtedness everywhere. The issue of a State, city or county bond affects credit more powerfully and produces more directly all the effects of an increase in money volume because it is acceptable as collateral for nearly or quite its face value in credit issues. The whole American public is wild with spending. Public economy is a lost art.

Scrutinizing Commercial Paper

COMMERCIAL paper is so important a part of our industrial fabric, writes George W. Simmons, president of the Simmons Hardware Company of St. Louis in the Boston "Herald," that I believe the American Bankers' Association should establish some kind of a bureau of information to scrutinize the business of the concerns issuing it. In this way a great deal of reliable information could be placed at the service of those desiring to invest in such paper—particularly banks—information not only as to the concern's assets and current receipts, but as to the extent of the loans extended to it from various sources. Commercial paper would then become the most desirable paper any bank could buy, so far as regards safety.

New York Bankers to Meet in Ottawa

ANNOUNCEMENT is made that the next annual meeting of the New York State Bankers' Association will be held at Ottawa, Ontario, about the middle of June.

Coincident with the convention there will be a celebration of the completion of a centennial of peace between the English-speaking peoples.

School Savings Banks

SCHOOL savings banks in 1,149 schools throughout the United States have now nearly $1,000,000 on deposit.

Foreign Estimates of American Banking

Our National Banking System Commended

By W. R. Lawson, Member London Stock Exchange and Well-Known Financial Writer.

"From the producer's standpoint, which is the most important point out West, the National banking system of the United States is, in my opinion, one of the best developments of modern banking."

THE national banking system of the United States is such an essentially domestic institution that foreign critics feel a natural delicacy in expressing opinions upon it. This delicacy has, indeed, been carried so far as to discourage close study of the system. And yet there is no subject in the whole range of American finance on which foreign criticism is more frequently invited. To the American banker no subject seems to be more interesting—we might almost say fascinating—than comparisons between British and American banking methods and resources. At the same time nothing could be more futile, seeing that the conditions are so widely different as to have very little relation to each other.

Functions of the Bank of England.

If the average British banker knows very little about the working of the American national banks, the average American banker knows still less about the practical working of British banks. He is most of all astray as to the special and peculiar functions of the Bank of England. Judging these by their results, which represent the very maximum of effect obtained from the minimum of cause, he invests them with ideal and almost miraculous powers. What he cannot see, because so much of it lies under the surface, is that the Bank of England is never entirely dependent upon its own powers and resources. It enjoys the help and coöperation of a surrounding network of other banks, foreign as well as British. In emergencies the whole network can in some way be brought into line and made to act together. The various banks composing it, however much they may differ from each other in their individual lines of business, have a common interest which draws them together and harmonizes them.

This is the secret of the Bank of England's power and it is due quite as much to the bank's surroundings as to its individual merit. The combination is one which could have been formed only in London and which is required only there. It would be useless as well as vain to attempt to reproduce it elsewhere. Its essential condition is that London has become the centre of the world's international banking and commerce. It performs that function so fully and adequately that no second centre of the same kind is needed. Least of all is it needed in New York or any American city where banking conditions are entirely different from those of Europe.

Two Distinct Developments of Modern Banking.

In the evolution of modern banking two distinct developments are observable—one in the old world and the other in the new. The old world banker has to act specially for distributors and consumers, while the new world banker has to act for producers. His duty is to assist the food grower, the cotton grower and the mine owner to

raise their produce and bring it to market. The test of his efficiency as a banker is the economy and rapidity with which he can perform these services. His work begins at home and ends in London. When he gets the produce of his district landed in Europe and converted into a London credit, his part of the process is finished

His success as a banker is to be judged chiefly by this standard and when we apply it to the national banks of the United States they must be admitted to stand the test very creditably. They have been of incalculable benefit to American industry in facilitating production of all kinds and still more in accelerating distribution.

Localization of American Banks.

Without sitting down and thinking it out carefully, one cannot realize the economic effect of more than seven thousand national banks on the operations of ninety millions of people spread over three million square miles of country. The chief objection made to them, that they are small and highly localized, is rather carping criticism. Their localization may be a defect in one sense, but it is a great virtue in another. Originally it was not merely a virtue, but an absolute necessity. Half a century ago, when the national banking system came into existence, local banking was the most urgent need of the country. Banking pioneers were wanted to go out West along with the railway pioneers, the farming pioneers, and the mining pioneers. To have expected New York or any Atlantic city to do this kind of work would have been absurd. They had quite enough to do to carry on their own local trade and manufacturing.

They could not even finance the moderate exports and imports of those days. Foreign banking was a distinct business controlled almost entirely by foreign houses.

It has been the local banker that has helped to open up the country. He made farming possible on the prairie, the farmer in his turn made the railways possible, and all three working together created the great West as we have it today. In this advanced stage of such a magnificent evolution is it not rather ungracious to forget the past services of the national banks and demand of them qualities which were never contemplated in their original design? They cannot be at once American and European. The fluidity and elasticity of credit which are essential in London ought to be secondary considerations in Iowa or Nebraska. There, the predominant consideration should be safety, and that, I think, is very fully provided for in the scheme of the national banks. In comparison with the banking systems of other countries it has been over provided for.

Close Restrictions on the Banks.

The most practical criticism which foreign observers have passed on the national banks is directed against the cast-iron character of their reserves. But this is only one of several instances in which they have suffered from the over-legislation of their early days. No other banks in the world have been so hampered and almost strangled by statutory regulations as the national banks. From time to time the bonds have been relaxed and it is a fair question whether further relaxation would not be safe as well as beneficial. At the outset these restrictions were fiscal as well as financial. The tax of one per cent. per annum on the average amount of circulation and of one-half per cent. on deposits and capital stock was obviously intended for revenue purposes. At the end of the first twenty-year term when drastic revenue measures were no longer necessary, the tax on deposits and on capital stock was repealed, but the circulation still remained taxed.

Considering the invaluable service which the national banks rendered to the Government at the greatest crisis of its life it hardly seems grateful to reward them with differential taxes. For taxing their circulation there is all

the less excuse since it yields them practically no profit. Their note issues are, as a rule, only a matter of prestige. They have a sentimental rather than a practical value to the issuing banks. It is, in fact, infinitesimal compared with their value to the public and to the Government itself. Probably few Americans are aware that two-thirds of the credit currency in the United States—that is, the currency not based on gold or silver—is provided by the national banks. Their share amounts to nearly $700,000,000 as against $346,000,000 of United States notes. This huge volume of paper money not only costs the State nothing, but it has been the direct means of enhancing the national credit to an extent which has no parallel elsewhere.

To tax a benefaction of that sort and at the same time to hamper by artificial restrictions the business of the taxpayer seems strange in a country where industrial enterprise is so warmly encouraged as in the United States. Half a century ago there may have been a good deal to say for twenty-five per cent. reserves on circulation and deposits. Up to that time the banking record of the country had not been particularly good. Without strong and definite guarantees for safety the notes of the new national banks might not have been freely taken, consequently no large amount of them could have got into circulation. This would have been an even greater misfortune for the Government than for the banks themselves. The founders of the national banking system were, therefore, justified in making the best possible provision against it. But after the banks were thoroughly established and their notes had got into universal circulation the swaddling clothes of their infancy might have been very wisely unloosed.

The question of the present day is whether the hard and fast reserves required of the national banks are really necessary. It is speciously argued that they do more harm than good, but the worst of such discussions is that there is sure to be exaggeration on both sides. It may be doubted whether the national banks even if they had a free hand could let their reserves run down much lower than the present statutory limit, which for the smaller banks averages probably eighteen or twenty per cent. of effective cash. The monthly statement of the London clearing banks shows cash reserves ranging from fourteen to seventeen per cent., which is, consequently, not much below the effective level of the national banks.

The people who have the best right to be heard on this question are the customers of the banks. It affects them in two ways. Large cash reserves ensure the safety of their deposits, but on the other hand they diminish the working resources of the banks and thereby tend to make money dearer. The latter is the real grievance of the trader, British as well as American. It is as rampant in London as in the Western States. In both cases, and, indeed, in all similar cases, the ultimate form of money (namely, gold) is only to be got by raising the price at which it can be borrowed; in other words, the rate of interest. When the western farmer complains of having to pay on an average eight per cent. for the money he borrows while the Bank of England rate averages only half as much, he is not aware that he is comparing entirely different things. British farmers are not able to borrow from the Bank of England at four per cent., or, indeed, at any price. The Bank of England deals only with the highest class of borrowers who can put up the best of gilt-edged collateral. Down in the provinces the British farmer pays at least six per cent. for overdrafts and can get only a very limited supply at that rate. Taking all things into consideration the western farmer is more liberally treated by his local bank than the British farmer is. From the producer's point of view, which is the most important point out West, the national banking system of the United States is, in my opinion, one of the best developments of modern banking.

Time for Action

By G. M. Boissevain, Distinguished Financial Authority, Amsterdam, Holland.

BEING asked for an expression of his views on American banking, Mr. G. M. Boissevain, a distinguished financial authority of Amsterdam, Holland, excused himself on the ground of ill-health, but adds this sententious observation:

"I must frankly say that, after all that has been written in the past few years, both in the United States and abroad, on your banking system, I don't know how anything new could be said now, only this: We have talked; it is time now for action."

The American Bankers' Association and Currency Reform

By Frederick E. Farnsworth, General Secretary, and Secretary of the Association's Currency Commission.

THE early years of the association's history were those of readjustment after the panic of 1873, and of discussion which preceded the passage of the Bland-Allison Silver Act of 1878. At that time the banks were handicapped by oppressive war taxes which continued to be imposed upon them for years after they had been removed from other forms of business, and chief among the problems then being discussed was whether they should assume the added burden of providing for the resumption of specie payments. Although it meant a severe strain upon their tax-burdened institutions, the representative bankers of the country placed themselves on record at the first three American Bankers' Association conventions as favoring it. Had the New York banks alone presented for payment the legal tenders which they held, resumption would have been, if not impossible, at least improbable, and their influence in assisting rather than retarding specie resumption received a well-merited acknowledgment at the convention of 1879 from Hon. John Jay Knox, then Comptroller of the Currency.

Opposition of Banks to Free Silver and Greenbacks.

During the eighties the banks were in great disfavor because of their opposition to the leading public issues of silver and greenbackism. Predictions by the association of coming disaster from the compulsory coinage of silver dollars under the act of 1878, the appointment of a commission to study the subject, repeated resolutions against such coinage, and political pressure upon Congress to discontinue it, only increased the criticism. The sensational press of the day pictured the bankers as spending their time at conventions "eating bonbons and drinking wine," and plotting the familiar crime of how to make the "rich richer and the poor poorer," and many bankers in the country feared to join the association under the fierce denunciations of many who failed to realize that the banks were helping immensely in carrying on the

industrial activities of the country. But had the banks in general not concertedly withstood the fiat fallacies and silver sentiment during the period of unpopularity which this policy brought upon them, irredeemable paper currency would have rendered even more unendurable the conditions which culminated in the panic of 1893.

When the crisis of that year made it necessary to postpone the annual convention, the executive council issued a circular urging the necessity for the immediate and unconditional repeal of the Sherman Silver Purchase Act "in the interests of those favoring a gold standard and of those favoring the use of gold with silver, as the continued purchase of enormous quantities of silver with gold obligations can only result in the final inability of the Government to pay gold, and in the continued overproduction and consequent depreciation of silver." The panic itself pointed the moral and the banks of the country unanimously concurred in the adoption of resolutions strongly supporting the gold standard at the convention of the association in 1896.

Development of Sentiment Favoring Asset Currency.

Upon this gold standard background was being gradually outlined the principle of asset currency. Comptroller H. W. Cannon was the first official to suggest an additional note issue based on other security than United States bonds and in the next ten years the inadequacy of the existing system had become sufficiently apparent to elicit the approval of the association in 1894 of the so-called "Baltimore plan," which provided for a circulation based on capital. the security of a guaranty fund. and an emergency issue restricted by taxation. The wave of silver sentiment obliterated this. however, and for years there was no sympathetic response to the able advocacy of the asset principle from association platforms begun in 1897. at Detroit, by James H. Eckels, repeated by him in 1901 at Milwaukee, emphasized by Charles N. Fowler, at New Orleans the following year, and later advocated in the reports of Secretaries of the Treasury, Lyman J. Gage and Leslie M. Shaw. At the San Francisco convention in 1903, a committee suggested the application of the principle to an emergency currency based on the pledge of specific assets with the Secretary of the Treasury and the Comptroller, but it was considered too literal an interpretation of what has since become somewhat better known by the term "credit currency," as a broader expression for a bank note currency based on general assets.

Appointment of a Currency Commission.

The appointment of a currency commission of fifteen representative members at the St. Louis convention of 1906 provided the association for the first time with an official means of expressing the bankers' point of view on currency problems. Results of the agency for direct action thus afforded became apparent in 1907 in what was known as the "American Bankers' Association plan" for currency reform, formulated after conference with other business interests. This plan recommended that national banks, under certain restrictions, should have authority to issue credit notes equal to forty per cent. of their bond-secured circulation, and for an additional issue of 12½ per cent. of their capital, subject in each case to different rates of taxation on outstanding issues, with provisions for redemption agencies and a five per cent. guaranty fund. As introduced into Congress in 1907 by Representative Charles N. Fowler it was known as the "Fowler Bill," and after failing to pass was changed to provide for a prior lien on the assets of the issuing bank by the holder of a credit note, and reintroduced in 1908 by Congressman McKinney, but again met defeat.

These efforts, however, so stimulated interest in the question of currency reform that numerous other measures of

varying merit were proposed, and the association found it necessary to take a strong stand against the bill of Congressman Charles N. Fowler as too radical, and that of Senator Nelson W. Aldrich as "impractical, unwise and financially unsound," because providing for an additional note issue based on State, municipal and railway bonds. The opinion of the association at the high-handed procedure which passed the Aldrich Bill, after slight modifications, was thus expressed in a report of the Currency Commission in April, 1908: "We are at a loss to know what the bankers of the country have done that their advice should be set aside, their judgment ignored and their wishes opposed in connection with legislation directly affecting the business in which they are engaged. Especially as they regard themselves as the servants of the public, and are fully assured that in any legislation affecting the circulating medium, their interests and those of the public are identical; for what is ultimately best for the country is beyond all question best for the banks. * * * As bankers we claim a practical knowledge of our business which experience alone can give. We think that with such knowledge and experience we should be counseled and our advice heeded in connection with any legislation affecting the banking and currency laws of the country."

As a compromise solution of the problems presented to a puzzled Congress by ninety-six banking and currency reform bills, the existing Aldrich-Vreeland measure was finally adopted. Though admittedly unsatisfactory to bankers and other business men, the Currency Commission of the association in its 1908 report referred to it as follows: "In the Aldrich-Vreeland measure, however open to criticism, Congress, by law, has recognized the normal and legitimate assets of a bank as the natural and proper basis of credit extended to the banks in the form of circulating notes. The principle for for which we have so long contended has thus received legislative sanction. To this extent the labors of the American Bankers' Association have been crowned with success."

Since the Aldrich-Vreeland Bill was recognized as merely a temporary expedient, the American Bankers' Association's Currency Commission then suggested and secured the appointment by Congress of a National Monetary Commission to consider and report upon the entire subject of monetary reform. After a study of prevailing practices in other countries and a comparison of existing defects in our own, this commission recommended the establishment of a National Reserve Association in a bill which is now too well known to require comment. When the plan as at first presented was found manifestly incomplete in certain features which representatives of the National Monetary Commission frankly confessed they were unable to adjust, the solution of the problem was assumed by the able and experienced members of the Currency Commission of the American Bankers' Association at a conference in Washington, in March, 1911. In May of the same year they made a report, suggesting revisions relating to the admission of State banks and trust companies and providing for the disposition of the outstanding United States bonds, which were incorporated in the final form of the bill with other recommendations from practical bankers. In essence the plan is an extension of the clearing-house and asset currency principles, which have become the definite features of the ablest plans of recent years, and, as such, received the approval of the association at the New Orleans convention of 1911, and the endorsement of many of the State associations. Changes during the following year which were, as one observer has remarked, "partly personal, partly psychological and partly political," created an adverse sentiment which led the American Bankers' Association, at the Detroit convention of 1912, to decide to continue educational work for currency reform along the general lines of the

principles involved and not at present for any specific plan.

Education, rather than legislation, has been the result of the association's efforts toward currency reform, for reasons largely inherent in the evolution of the subject itself. The prevailing belief that a bond-secured currency would serve one generation as well as another has made impossible any suggestions of subtitutes except as additional or emergency issues, and the "known indifference to currency reform doggedly displayed by bankers for years," has been frankly criticised by their more progressive fellow members at association conventions. The failure of the average banker to study the question is explained, though not wholly excused, by recalling the situation as it has existed since the crisis of 1873. Post-panic conditions of the seventies, opposition to banks during the eighties, and the unsettled state of affairs during the nineties, made their individual struggle for existence of primary importance. The later growth of business opportunities and the development of different forms of banking institutions so increased competition that readjustment of practices under the existing system necessarily diverted the attention of the average banker from problems of economic principle, to which those at the head of larger and longer established banks were able to give time and study.

The tendency to resent the natural leadership of those who did study the problem has disappeared with the rapid growth of the association during recent years, and the federation of local interests through the State associations has largely removed unthinking prejudice, while the larger attendance at conventions has resulted in a cosmopolitan exchange of opinion among bankers, so that hitherto divergent interests have united on the general principles which should underlie currency reform.

It is, of course, not only desirable but essential that there should be difference of opinion among bankers themselves as to methods and machinery, in order that details of any plan may be viewed and perfected from all angles, but the bankers of the country are now so thoroughly aroused to the need for an immediate improvement of the banking and currency system that opposition, when offered, is from the standpoint of intelligent dissent, rather than former apathy or ignorance. The same cannot be said, however, of legislators upon whom depends the passage of remedial legislation. The American Institute of Banking is educating to a sense of the significance and relation of banking and business, thousands of young bankers whose training in economics will enable them to approach the practical problems of the financial future with greater unanimity on fundamental principles than has heretofore been possible. It has, however, always been true of the bankers of the country as represented in the association that individual interests were quickly welded into units of coöperation whenever matters of national importance made it imperative.

The sarcasm that "business is founded on selfishness and banking is the refinement of business," is not without individual illustration in the history of the association's efforts for currency reform, but politics and not banking profits, has prevented constructive legislative action. Business men, Government officials and representatives of many countries have for years discussed and explained banking and currency problems from association platforms. Bankers have worked out plans in conference with other business interests, and made liberal expenditures in support of them; while the Currency Commission and the Federal Legislative Committee, as well as individual representatives of the American Bankers' Association and the State organizations, have given generously of time and ability in working at Washington for relief measures which politicians have as persistently opposed from mistaken motives either of political "expediency" or narrow-minded prejudice.

In view of the increased unanimity of its membership in recent years on

general principles of currency reform, and its growing strength, it is noteworthy that the American Bankers' Association has never attempted to thrust upon the country through arbitrary or coercive influence any specific plan. More aggression has been necessarily displayed in preventing harmful measures emanating from uninformed or improper political sources, than in pressing measures originated by the association itself. At the Detroit convention of 1912 a resolution was passed defining the willingness of the association "to coöperate with any and all people in devising a financial system which shall give the American people of all classes and conditions financial facilities and industrial advantages to which they are entitled." In this open-minded spirit the association is now awaiting that development of public understanding and political policy which shall make it expedient for the bankers of the country to advance or oppose the measures now being devised by various interests.

It is probable that, crystallized from the elements of coöperation in the clearing-house idea, any plan proposed will group the banks of the country about the matrix of a central association, which, safely rimmed with gold reserves, will become the touchstone of a banking future with a currency designed to symbolize national prosperity.

How the Trust Companies Have Grown

By Breckinridge Jones, President Mississippi Valley Trust Company, St. Louis.

Asked to contribute something on this topic, Mr. Jones referred to his address before the Trust Company Section of the American Bankers Association at Detroit, Michigan, September 11 last. Mr. Jones made special inquiries in regard to the progress of trust companies, and below are given some of the results of his investigations.—Editor Bankers Magazine.

Of the thirty-three States from which replies were received, only nine could give the information asked for both the years of 1897 and 1912. However, twenty-one of the States could give the information for the year 1912, showing how great the improvement in trust company supervision was during the fifteen years that this Section has been in existence. These twenty-one States, on January 1, 1912, had a total of 1,063 trust companies, with a total of capital, surplus and profits of $848,397,935.60, total deposits of $3,320,497,805.19. Four other States gave information for 1912, but it was incomplete.

For purposes of comparison it will be necessary that we take the nine States that could give complete information for both years. They are: Connecticut, Illinois, Maine, Massachusetts, Minnesota, Montana, New Jersey, New York and Pennsylvania.

The following table shows the comparison of conditions in these nine States:

	1897	1912	Gain	Per Cent. of Gain
Number of trust companies	241	657	416	172
Aggregate capital, surplus and profits	$191,251,684	$698,276,784	$507,025,099	265
Aggregate deposits	584,008,422	2,799,100,047	2,215,091,624	379

In considering this table it must be remembered that it gives the growth in only nine States; but as the entire twenty-one States which gave figures for trust companies on January 1, 1912, had aggregate capital, surplus and profits of $848,397,935.60, with aggregate deposits of $3,320,497,-805.19, and of these amounts the nine States had aggregate capital, surplus and profits of $698,276,784.82, with aggregate deposits of $2,799,100,-047.05, it is clear that of the total 1,063 trust companies in the twenty-one States from which data could be obtained, these nine States must contain the largest and best developed trust companies. This would seem to indicate that where supervision has been the most complete trust companies have developed most rapidly. For this reason it would seem that this table is a fair index of trust company growth, which from every standpoint has been most remarkable.

The Growth of Trust Companies

By Clay Herrick, Cleveland Trust Company, Cleveland, O.

THE number of trust companies in the country in 1863, at the time the national banking system was adopted, is not definitely known, but it probably did not exceed a dozen. Although the earliest of these companies dates from 1822, and four were doing business in 1836, their number did not increase rapidly until within the last twenty or twenty-five years. The Comptroller of the Currency gave them attention for the first time in his report for 1875, in which he gave the aggregate figures of thirty-five companies, having total deposits of $85,000,-000, and located in five different States. There were other trust companies in the country, but the Comptroller had no power (and has none now) to compel the rendering of reports from State institutions, and hence his reports cover only such companies as are willing to report to him. It is an interesting commentary on the growth of the policy of publicity that his report for 1912 contains reports from 1,410 of about 1,700 trust companies in the country, covering practically all of the States.

The real growth of trust companies has come during the past quarter of a century, and for convenience we may consider the growth from the year 1892 —twenty years ago. In that year the Comptroller reported 168 companies, with aggregate resources of $600,000,-000. Estimates from other sources indicate that the actual number of companies then in existence was considerably larger, probably between 250 and 300. However, the Comptroller's report contained the figures of the larger companies, so that his total of resources is nearer the correct figure than is the total of companies. Ten years later—in 1902—the Comptroller reported 417 companies with aggregate resources of $1,983,000,000. This was a gain for the decade of 249 companies, or 148 per cent., and of $1,383,000,000, or 230 per cent., in resources.

The Comptroller's report for 1912 shows 1,410 companies, with aggregate resources of $5,107,000,000—a gain over 1902 of 993, or 238 per cent., in number of companies, and of $3,124,-000,000, or 157 per cent., in aggregate resources.

For the twenty years from 1892 to 1912 the Comptroller's figures show a gain of 1,242, or 739 per cent., in number, and of $4,507,000,000, or 751 per cent., in resources of trust companies. A portion of the gain shown by

the above figures must be attributed to the fact that during recent years the Comptroller has succeeded in getting statistics from a larger percentage of the country's trust companies.

The immense strides made by the trust company during these twenty years may best be seen by a comparison of the relative position of trust companies among the other banking institutions. In 1892 the number of banks of all kinds—including national, State, savings and private banks and trust companies—in the country was 9,338; and their aggregate resources were $7,245,000,000. In 1912 the number was 25,195, and the aggregate resources $24,987,000,000. Comparing these figures with those given above for trust companies, it will be seen that while in 1892 trust companies numbered less than two per centum of all the banks, and represented a little over eight per centum of their aggregate resources, in 1912 the trusts companies were in number about five and a half per centum of all banks, while their resources were twenty and a half per centum of the aggregate resources of all banks in the United States. In 1892 their resources were a little over $600,000,000 as compared with the $3,494,000,000 resources of the national banks, but in 1912 they had resources of $5,107,000,000 as against $10,963,000,000 of the national banks.

Progress Since 1903.

In 1903 The United States Mortgage and Trust Company of New York began the publication of an annual volume of trust company statistics, in which effort has been made to list every trust company in the country. These volumes contain the most complete trust company statistics published, and while the figures for a few of the smaller companies are not given, the figures may be considered approximately complete. This makes it possible to compare the growth since 1903 with considerable accuracy.

In 1903 this volume listed 912 trust companies, of which 856 reported total resources of $2,938,000,000. In 1912 it listed 1,702 companies, of which 1,579 reported total resources of $5,491,000,000. (The above figures relate to the banking department alone, and are exclusive of trust department balances.) These figures show an increase in total resources for the nine years of $2,553,000,000, or about eighty-seven per centum.

Distribution of Growth.

The largest growth, measured in dollars, naturally occurred in the North Atlantic States, which include the New England States, New York, New Jersey and Pennsylvania. The increase for these was $1,430,000,000—sixty-eighty per cent. The largest percentage of growth, however, was shown in the Western States, whose trust companies added 298 per cent. to their resources, the amount being $194,000,000. The next in percentage of growth were the South Central States, which added 233 per cent., or $178,000,000. The North Central States added $650,000,000—115 per cent.; and the South Atlantic States $100,000,000—seventy-seven per cent.

The eight cities whose trust companies in 1912 had total resources of over $100,000,000 showed total trust company figures as follows:

	1903.	1912.
New York	$1,045,000,000	$1,564,000,000
Chicago	227,000,000	458,000,000
Philadelphia ..	286,000,000	412,000,000
Boston	139,000,000	303,000,000
Pittsburgh ...	126,000,000	193,000,000
Cleveland	77,000,000	154,000,000
St. Louis	118,000,000	125,000,000
Providence	68,000,000	112,000,000

In the number of companies, Pennsylvania still retains a big lead, reporting 268 companies. Indiana comes next with 108 companies, then New Jersey with eighty-seven, Illinois and Tennessee with eighty each, and New York with seventy-nine. In amount of resources, however, New York is far ahead, with $1,781,000,000. Pennsylvania comes next, with $815,000,000; then Illinois with $612,000,000.

INCREASES IN INDIVIDUAL COMPANIES:

The remarkable growth of trust companies as a whole has been accompanied by even more remarkable growth in the size of individual companies. In 1903 the largest trust company in the country—the Illinois Trust and Savings Bank of Chicago—had total resources of $84,000,000, the next in size being the United States Trust Company of New York with $77,000,000. In 1912, the largest trust company—the Guaranty Trust Company of New York—had total resources of $240,000,000; the next in size being the Bankers' Trust Company of New York with $203,000,000.

In 1903 there were 114 trust companies with resources of over $5,000,000. Of these, seven had resources of between fifty and 100 millions; sixteen of between twenty-five and fifty millions; forty-four of between ten and twenty-five millions.

In 1912 the number of companies having resources of over $5,000,000 had increase to 187. Two of these had resources of over 200 millions each; three had between 100 and 200 millions; thirteen had between fifty and 100 millions; twenty-two had between twenty-five and fifty millions; and fifty-nine had between ten and twenty-five millions each.

Growth of Savings Banks in the United States

THE complexity of banking in the United States is well illustrated by the many institutions calling themselves savings banks and yet differing widely in their form of organization and in their functions. Even to enumerate the different classes of such banks taxes the memory of one fairly familiar with the history of the country's banking development. There are mutual savings banks, administered by trustees, and having no capital stock; there are savings banks with capital doing a savings business only; there are stock "savings" banks doing both savings and commercial business; there are banks doing a commercial, savings and trust business; then the State and national banks in many cases have savings departments, and, finally, there are postal savings banks and school savings banks.

The mutual savings banks are confined chiefly to the Eastern portion of the country; the stock savings banks flourish principally in the Middle West, while the "savings departments" are found nearly everywhere, although they do not compete very strongly with the mutual savings banks.

These various classes of banks not only differ widely in their form of organization, but their methods of investing savings funds vary greatly. Generally, the mutual savings banks are closely restricted, and in some States the stock savings banks are compelled to segregate their savings deposits which are invested under careful safeguards. In other States no such regulations obtain, and savings deposits in national banks are on the same footing as other deposits.

By an act approved June 25, 1910, postal savings banks were established in the United States. Deposits are made in designated postoffices, and are disposed of as follows: Sixty-five per cent. redeposited in banks subject to national or State supervision; thirty per cent. invested in United States securities, and five per cent. held in the Treasury as a reserve. The faith of the United States is pledged to the payment of the deposits.

In his annual report for 1912 the Comptroller of the Currency gave statistics of 1,922 savings banks, of which 630 were mutual institutions and 1,292

stock. Deposits in all these banks were $4,451,818,522.88, and the depositors numbered 10,010,304, the average deposit being $442.72.

Some idea of the growth of savings banks in the United States since 1863 may be had from the accompanying table:

NUMBER OF SAVINGS BANKS IN THE UNITED STATES, NUMBER OF DEPOSITORS, AMOUNT OF SAVINGS DEPOSITS, AVERAGE AMOUNT DUE EACH DEPOSITOR AND AVERAGE PER CAPITA IN THE UNITED STATES IN THE YEARS GIVEN.

Year	Number of banks	Number of depositors	Deposits	Average due each depositor	Average per capita in the United States
1863	293	887,096	206,235,202	232.48	....
1864	305	976,025	236,280,401	242.08	....
1865	317	980,844	242,619,382	247.35	....
1866	336	1,067,061	282,455,794	264.70	....
1867	371	1,188,202	327,009,452	283.63	....
1868	406	1,310,144	392,781,813	299.80	....
1869	476	1,466,684	457,675,050	312.04	....
1870	517	1,630,846	549,874,358	337.17	14.26
1871	577	1,902,047	650,745,442	342.13	....
1872	647	1,992,925	735,046,805	368.82	....
1873	669	2,185,832	802,363,609	367.07	....
1874	693	2,293,401	864,556,902	376.98	....
1875	771	2,359,864	924,037,304	391.56	....
1876	781	2,368,630	941,350,255	397.42	....
1877	675	2,395,314	866,218,306	361.63	....
1878	663	2,400,785	879,897,425	366.50	....
1879	639	2,268,707	802,490,298	353.72	....
1880	629	2,335,582	819,106,973	350.71	16.33
1881	629	2,528,749	891,961,142	352.73	....
1882	629	2,710,354	966,797,081	356.70	....
1883	630	2,876,438	1,024,856,787	356.29	....
1884	636	3,015,151	1,073,294,955	355.96	....
1885	646	3,071,495	1,095,172,147	356.56	....
1886	638	3,158,950	1,141,530,578	361.36	....
1887	684	3,418,013	1,235,247,371	361.39	....
1888	801	3,838,291	1,364,196,550	355.41	....
1889	849	4,021,523	1,425,230,349	354.40	....
1890	921	4,258,893	1,524,844,506	358.03	24.35
1891	1,011	4,533,217	1,623,079,749	358.04	25.29
1892	1,059	4,781,605	1,712,769,026	358.20	26.11
1893	1,030	4,830,599	1,785,150,957	369.55	26.63
1894	1,024	4,777,687	1,747,961,280	365.86	25.53
1895	1,017	4,875,519	1,810,597,023	371.36	25.88
1896	988	5,065,494	1,907,156,277	376.50	26.68
1897	980	5,201,132	1,939,376,035	372.88	26.56
1898	979	5,385,746	2,065,631,298	383.54	27.67
1899	987	5,687,818	2,230,366,954	392.13	29.24
1900	1,002	6,107,083	2,449,547,885	401.10	31.78
1901	1,007	6,358,723	2,597,094,580	408.30	33.45
1902	1,036	6,666,672	2,750,177,290	412.53	34.89
1903	1,078	7,035,228	2,935,204,845	417.21	36.52
1904	1,157	7,305,443	3,060,178,611	418.89	37.52
1905	1,237	7,696,229	3,261,236,119	423.74	39.17
1906	1,319	8,027,192	3,482,137,198	433.79	41.13
1907	1,415	8,588,811	3,690,078,945	429.64	42.87
1908	1,453	8,705,848	3,660,553,945	420.47	41.84
1909	1,703	8,831,863	3,713,405,710	420.45	41.75
1910	1,759	9,142,908	4,070,486,246	445.20	45.05
1911	1,884	9,794,647	4,212,583,598	430.09	44.82
1912[1]	1,922	10,010,304	4,451,818,522	444.72	46.53

[1] Population estimated at 95,656,000 July 1, 1912.

The New Account Teller and the New Account Department

By W. R. Morehouse, Assistant Cashier German American Trust and Savings Bank, Los Angeles, Cal.

INTENSE competition has brought about a new relation between the banker and his customer, giving the former a perspective very different from that of his predecessors, and much more accurate. Where is the independent bank of twenty-five years ago? The same bank is here, but it has passed through a process of regeneration, and is now a dependent bank. It has become more and more evident that while those who are now depositors could dispense with the assistance of the bank, the latter would become an unprofitable institution if deprived of the friendship and patronage of the general public. This perspective also affects the standing of the borrower in the eyes of the banker. It is true that a bank accommodates the borrower when it lends him money, but he is expected to pay in full for the accommodation. The borrower's obligation never extends beyond repayment of principal with interest, and it is he that favors the bank by borrowing its money. Is not "Interest Received" the principal income account, and of this account is not the borrower the sole supporter?

Bankers who have caught the right perspective and are aligned with the true conditions of the day are making every effort to accommodate the public. New business is at a premium, and, therefore, in their respective banks these bankers are enthusiastic in equipping and operating strictly modern new account departments.

The New Account Teller.

If the new account teller is to be successful in his particular work, he must have a firm belief in his bank and its ultimate success. He must fully realize that great responsibilities have been laid upon him, chief of which is to successfully operate a department which has to do with the growth of the bank. He must realize that he is a potent factor in the operation of this department, and that his conduct and conversation make an impression upon every stranger. He must fully appreciate the importance of his position, for its requirements are such that they can only be met by a thoroughly competent person. In rank he is above the paying and receiving tellers, because it requires more effort to get business than it does to conserve business already secured.

The new account teller is in a position where he can make new business or drive it away. He is on the "firing line," where he meets prospective customers, many of whom are honest, while a few are dishonest. Physically he must have an iron nerve, for a mistake at some unguarded moment may result in loss to the bank. He must possess the discernment of an experienced detective, and by the conduct and conversation of prospective customers detect which among them is the crook. He must have a winning personality, and command at once the admiration and respect of all those who apply to open accounts. Their respect for the bank will begin with their respect for the teller.

The new account teller must possess all the qualifications of a diplomat, since diplomacy is a factor in every transaction in his department. During a day's business he will meet many strangers, and no two with the same

disposition. It is his duty to specialize in each case, and thus to secure the accounts of cranks and unlearned persons, as well as the agreeable. With him forbearance is a virtue.

Very frequently the teller will need the genius of a successful trader, for he will have parsimonious persons to deal with, against whose genius his own must be pitted. He must be gifted in reading human nature, otherwise he cannot hope to please all who apply. He must be an adroit conversationalist, as by tactful questioning he must extract from applicants something of their past life and business, and also something of their plans. He must exercise good judgment in this connection, and know when to stop questioning, for many persons are peculiar and resent what appears to them an unnecessary inquiry into their affairs. It is easy to please the affable depositor, but it is a difficult task to deal with those who are inclined to be disagreeable, and the new account teller is thoroughly efficient only when he can please all customers.

A thorough knowledge of the rules governing accounts and an acquaintance with the bank's policy are absolutely necessary; and anyone lacking in these essentials is not qualified for the position of new account teller. It will be found highly advantageous if he knows in a general way the banking laws of the State, and, if his position is with a national bank, he should know something of the laws regulating these institutions.

The new account teller must be an organizer and systematizer, for of all departments in the bank most of all does his require methods and systems. The reason for this is that the mechanical part must be perfectly adapted, so as not to distract his attention when dealing with prospective depositors.

Bank Should Support His Work.

Many bankers are not giving the new account teller the support he should have, and as a consequence they are getting from this department less than one-half the results it is capable of producing. The teller should have the time before and after banking hours in which to give special attention to his particular work. He needs this time to plan ways and means for getting more business. More than one-half of the new customers come to a bank on the recommendation of the bank's friends, and yet only a few banks are recognizing this good work being done gratuitously. In this connection there arises an opportunity for the teller to distinguish himself as a letter writer. In every systematically managed new account department a record is kept of the names and addresses of all persons who introduce or send their friends to the bank for the purpose of opening accounts; and it is to these bank missionaries that the bank should express its appreciation. The new account teller prepares a suitable letter expressing appreciation for the practical friendship shown the institution. This letter is signed by one of the senior officers, who although not present at the time the account was opened, has not overlooked the good work. The effect upon the recipient is that of a stimulus, and thus he is encouraged to continue his missionary work.

But perhaps the critic—that banker who is only half supporting the new account teller—will say it is impossible to procure the names of those commending the bank to their friends. Try this; it will do no harm, and it may solve the difficulty. At the time the account is being opened, the teller may remark, apparently by accident, of course: "I presume one of our depositors has recommended this bank to you." This will invariably lead to further conversation in which the desired information will be obtained.

There are many other important things that a new account teller might do before and after banking hours, as for instance, making a study of all accounts closed during the day's business with a view to ascertaining why they were withdrawn. Since it is fully as important to conserve business as to

secure new business, every bank should have a competent person go over the closed accounts; and who could be better fitted for this work than the new account teller? Many a banker will be surprised to find his business drifting away, owing to inattention or indifference on the part of some unworthy teller.

To successfully meet all these requirements, the new account teller must possess exceptional qualifications; and although he may not measure up in the highest degree to the various accomplishments mentioned, he will seldom be found wanting if given ample time and encouragement from the management of the bank.

The New Account Department.

As already indicated, the new account department is the channel through which new business must come. It is, therefore, essential that this department be placed as near the main entrance as possible. It should be so situated as to catch the eye of strangers entering; for if the bank is new to them, and they contemplate opening an account, the fact that this department is so accessible will make it easy for them to proceed without further search. Many prospective customers entering a bank and seeing no place at which to open an account will depart to select some other bank where the facilities for opening an account are thrust upon them. When a dry goods merchant desires to sell a certain piece of dress goods he displays it in his windows or on the counters; and why? Because there it will be seen. Just so every bank which desires to get all the new business that comes toward it ought to place the new account department before the main entrance.

It is highly important that the teller speak face to face with every prospective customer for in this way he is enabled to "drive home" his points in a more convincing way. Therefore, the counter in this particular department should be unobstructed by railings of brass.

Directly behind the new account teller, and as an adjunct to his department, should be an enclosed, room, where customers preferring secrecy as to the extent of their business, or having large sums in coin or currency to deposit, may retire and transact their business, shielded from the gaze of passersby. Nothing will do more to give this class of depositors a favorable impression of the completeness of the bank's equipment than to find a room thus provided.

In equipping a new account department no provision should be made for stools for the tellers, as they can accomplish much more when standing; and this also brings them on a level with their customers, enabling them to look directly into the latter's face. Stationery cabinets and stamp racks should be so arranged as to make them readily accessible.

The department should have two outlets; one for passage into other departments, and another outlet into the corridor, for often the teller will favorably impress a new customer by personally conducting him to one of the senior officers for an introduction. Some banks strive to accomplish this by permitting the teller to direct the new customer where to go, and meeting him at a given point, but this is doing a good turn only half way. Competition demands something better than this if a bank is to hold its place in the race for new business; and besides this is not "efficient service."

In discussing the new account department something should be said about the size, but as this depends altogether upon the bank and the demand in new accounts, no recommendation can be made. It must be said, however, that there should be at least room for a reserve teller to work when needed, as frequently more persons apply at the same time than there are regular new account tellers to wait upon them. Some bankers claim that it creates a favorable impression to have people lined up and waiting at the new account department, but if it was their lot to wait, they would doubtless be the

first to complain of "inadequate service."

There are many valuable accessories to a new account department, and they should not be overlooked. The efficiency of the department depends upon the capacity of the teller and the completeness of the equipment; and both should be the best obtainable without regard to cost.

Group Control of Corporations—Banking and Currency Reform

Statement of H. P. Davison, of the Firm of J. P. Morgan & Co., to the Chairman of the Banking and Currency Committee

WASHINGTON, January 24, 1913.

Hon. A. P. Pujo,

Chairman, Committee on Banking and Currency, House of Representatives, Washington, D. C.

SIR: There have been presented to your committee elaborate tables from which it has been inferred—and in many newspapers stated as "proved"—that a "group" of 180 directors "controls" the assets of corporations whose aggregate resources are twenty-five billion dollars.

No such control exists and no such deduction can be properly made from these tables.

Those who have made such deductions have fallen into several obvious errors; they fail to observe, first, that of the total number of directorates in these particular corporations this "group" represents only about one-quarter; second, that upon this assumption, these men, in order to exercise "control," must act and vote in every instance as a unit, although they come from different parts of the country and represent diverse and frequently conflicting interests; third, that, upon this assumption, the directors outside of this "group" must be mere dummies, with no voice or opinion of their own, who, in almost every instance, are overruled by a minority; finally, that this sum of twenty-five billion of dollars is not actual cash or liquid assets, susceptible of manipulation or misuse by the directors, the fact, of course, being that the great bulk of this enormous sum is, and for many years has been, tied up in the form of rights of way, rails, ties, equipment, factories, plants, tools, manufactured goods and other forms of corporate property necessary for carrying on railroad and industrial business in the country.

It is most regrettable and harmful that either Congress or the country at large should gain the wholly erroneous impression that these great resources are at the disposition of a small group of men, or that the corporations themselves are controlled by a minority of their various boards.

As to the point of so-called concentration it is an unquestioned fact that New York city is the chief centre of money and credit in this country, just as London is in England and Paris in France. But it has frequently been charged that this financial growth of New York has been due to the carefully laid plans of certain men who have brought about a condition which they may utilize for their own selfish ends.

This is not a fact. The great ac-

cumulation of money and credits in New York is due in part to purely economic conditions and in part to the defects of our banking system. Through the operation of the law in relation to cash reserves, interior banks necessarily carry hundreds of millions of dollars on deposit in New York. These same institutions, in order to maintain a secondary reserve subject to their telegraphic demand, keep in New York, in the form of call loans, many millions additional. If this country possessed a proper and scientific banking system, such as is possessed by almost every other civilized nation, interior banks would no longer be obliged to concentrate their "reserves" in New York.

In this connection, it is important to note that, according to authoritative statistics, the country as a whole has been growing so rapidly that, whereas, in 1900 the New York city banks represented 23.2 per cent. of the banking resources of the United States, now they represent only 18.9 per cent. of such resources.

As to the consolidation and coöperation of banking institutions, which has been noted in New York, and in only less degree in Chicago and other financial centres, this has taken place chiefly since 1907. In that year the country was swept by a disastrous panic which in New York and elsewhere (under our weak banking system) was stayed only by the united efforts of the banks, driven thereto in order to preserve themselves and to avert widespread calamity.

An additional factor tending towards consolidation into larger financial units lies in the rapidly increasing demands of this country for development and commerce. In every other commercial country banking arrangements have adapted themselves far more rapidly to such demands, and the enlargement and consolidation of banking institutions has everywhere else proceeded at a rate not even remotely approached in the United States. To-day in all of Great Britain, including England, Wales, Scotland and Ireland, there remain only 116 separate banking institutions; in Germany less than 500; in France, according to the most complete record that we have, only 27, while in the United States, notwithstanding the consolidations alluded to, there are still more than 25,000 distinct banking institutions. In London there are ten banks with resources in excess of two hundred million dollars each, in Paris four and in Berlin five, while in New York there are at the present time only three banking institutions of like proportions. If our large railroad and industrial enterprises are to be financed (it being estimated that the annual requirements of the railroads alone are $2,500,000,000), and if this country is to keep a commercial position in the front rank among the nations of the world, it is only natural that some tendency toward coöperation among financial institutions should show itself here, as it has in England, Germany and France.

At the invitation of your committee our firm has coöperated in this inquiry, has furnished intimate details of its business and has placed at your disposal all the information available. It believes that there is no such thing, either in form or in fact, as "A Money Trust." It believes, as its senior member has testified on this stand, that the only permanent influence possessed by men prominent in financial affairs is that due to the confidence of the public in their character and record.

We recognize and have long recognized serious defects in our present banking and currency laws. We believe that the country will continue to be subject to financial ills and disturbances until it possesses a stronger and more scientific banking and currency system. To secure prompt and wise legislation in these matters, our firm and, we believe, bankers throughout the country will, by every means within their power, coöperate with Congress.

Respectfully submitted,

H. P. Davison.

Canadian Banking and Commerce—Annual Review

By H. M. P. Eckardt.

As 1912 was a year of great business activity in the Dominion, one naturally looks for a steady expansion in the loans of the banks. The total increase of the item, current loans in Canada (which is understood to represent the loans and discounts granted to home mercantile and industrial interests) in 1912, was $106,000,000. This compares with an increase of $97,000,000 in 1911; one of $85,000,000 in 1910, and one of $81,000,000 in 1909. The loan expansion in 1912 constitutes a high record. It has proceeded steadily throughout the year.

On the other hand, the course of the deposits has been erratic. The net gain for the year was $102,000,000, which figure is practically equal to the increase of loans; but the accessions of deposits were made mostly in the first half of the year. In the first six months the net gain was $86,000,000; and in the second half it was but $16,000,000. Strictly speaking, the movement of deposits in the first half should be taken from January 31 instead of from December 31, because January is always a month of heavy liquidation of bank liabilities. In that month the bank note circulation and the check circulation fall to small figures, through the final clearing away of the mass of instruments called specially into being for the purpose of financing the business activity incidental to the crop-moving period; and the process of contraction affects the deposits in current account in a special degree. So January 31, therefore, is usually the low point of the year as regards deposits and note circulation. Beginning in February the banks normally add to their resources throughout the rest of the year. Counting the movement of deposits from January 31, the increase during the first five months was $102,000,000, as against an increase of less than $16,000,000 in the December half. It is quite possible that the extraordinary gains effected in the earlier part of the year induced the bankers to be more liberal in the matter of granting loans than they should have been.. At any rate, the loan account bounded upwards at a rapid pace until June. The increase of loans in February was $18,000,000; in March, $22,000,000; in April, $17,000,000; in May, $4,000,000; and in June, $11,000,000. The average monthly increase being $14,600,000 as against an average monthly increase of $5,300,000 from June to December.

Thus it is seen that in the second half of the year, when the crop-moving had to be attended to, the sluggishness of the deposit movement forced the banks to exercise care in increasing their loans. The loan expansion, however, exceeded the increase of deposits between June and December. Hence a steady fall in reserves, and in the autumn there were loud complaints from stock brokers in Montreal and Toronto regarding the attitude of the banks. Loans were called extensively for the purpose of providing funds for the crops, and for a time it was very difficult to get money for speculative purposes.

It should be said that the gains in deposits in the first half of the year were derived mainly from issues of new securities in Europe. Large issues were made for railway-building and other construction work. In fact, the Canadian flotations were so heavy as to cause a section of the London press to intimate that Canada was getting too much money at too low a rate

of interest. It is quite probable that there would have been a diminution of the stream of Canadian securities to London even if the European political situation had not been upset by the outbreak of the Balkan war.

When the war broke out and the European State banks put up their rates of discount, further issues of securities by Canada on a large scale were out of the question; and when the remittance of these proceeds to Canada assumed small dimensions the increase of deposits was immediately checked.

Another factor operated in 1912 to produce stringency in the fall. For several years the ordinary note issuing power of the banks has been insufficient to meet the fall demand for circulating medium. In 1908 an amendment to the Bank Act was passed which gave the banks the right to issue excess currency during the season of moving the crops—from October to January inclusive—subject to a tax at the rate of five per cent. Then, in 1912, the season of the excess issues was extended to include September and January. In 1912, however, the bank note issues proved inadequate even in the slack season during the summer. The Dominion Government had provided itself with authority to issue its own notes of five-dollar denomination; and as these notes were ready in July, 1912, the banks used them extensively. Owing to the high rates of interest prevailing in New York and also in Canada, the operation of issuing excess currency subject to the five per cent. tax proved to be less costly than usual; and in November and December these issues were freely used. However, about $10,000,000 of the new Dominion "fives" were in use for the crop-moving, and, of course, when the banks paid these notes over the counter their cash reserves were weakened in exactly the same manner as the New York banks lose strength through shipping currency to the interior points.

From all these causes the immediately available reserve declined in the second half of the year. It had been built up to 26.20 per cent. of the net liabilities on June 30th. By the end of December it had fallen to 22.08 per cent. This latter figure is the lowest on record for the past four and one-half years. From the following table it will be noted that all the items of the available assets excepting the foreign call loans show a decrease:

IMMEDIATELY AVAILABLE RESERVE.

	Dec. 31, 1912	Dec. 31, 1911	Per cent. of whole 1912	Per cent. of whole 1911
Specie	$33,780,333	$37,464,226	13	14
Dominion notes	94,584,484	97,657,488	36	37
Net foreign bank balances	25,243,396	36,593,267	10	14
Foreign call loans	105,952,101	92,106,695	41	35
	$259,560,314	$263,821,676	100	100

Apparently the expectation is that the banks will be able to replenish the reserves in the early part of 1913 through drawing funds from London. The Canadian municipalities and other corporations which are heavily indebted to the banks in the form of temporary loans, will be invited to try the London market with offers of higher interest rates; and if all goes well the proceeds of these loans should help to put the Canadian banks in funds.

The full statement of bank position, with comparison as at December 31, 1911, is given herewith.

It will be noted that the contributions of new capital by the proprietors or stockholders were almost as extensive as in 1911. Paid-up capital increased $7,000,000 in 1912, as against an increase of $8,300,000 in 1911; and the total of surpluses increased $10,000,000 in 1912, as compared with about $13,000,000 in 1911. With reference to the surplus it should be remembered that the $13,000,000 increase in 1911 contained an item of $3,400,000 repre-

LIABILITIES.

	Dec. 31, 1912	Dec. 31, 1911
Note circulation	$110,048,357	$102,037,305
Dominion Government deposits	15,354,196	8,081,605
Provincial Government deposits	24,258,460	25,003,062
Deposits of the public (demand)	379,777,219	335,020,693
Deposits of the public (notice)	632,641,340	591,068,932
Deposits elsewhere than Canada	87,050,132	80,606,935
Deposits of other banks in Canada	6,640,203	6,908,935
Due to banks in Great Britain	8,312,049	4,350,151
Deposits of banks in foreign countries	7,982,109	5,464,118
Other liabilities	20,387,004	15,781,627
	*$1,292,451,137	*$1,174,323,431
Capital paid	114,881,914	107,994,604
Rest or surplus	106,840,007	96,868,124
Profit and loss balance	11,908,100	10,883,359
	$1,526,081,158	$1,390,069,518

ASSETS.

	Dec. 31, 1912	Dec. 31, 1911
Specie	$33,780,333	$37,464,226
Dominion notes	94,584,484	97,657,488
Circulation redemption fund	6,410,103	5,811,192
Notes and checks, other banks	81,684,415	62,065,361
Loans to other banks, Canada	138,900	583,658
Deposits in other banks, Canada	9,217,009	8,903,767
Due by banks in Great Britain	10,119,957	20,740,243
Due by banks in foreign countries	23,435,488	25,667,293
Dominion and provincial securities	9,872,892	9,135,464
Canadian municipal, etc., securities	23,427,430	20,880,987
Railway and other bonds	68,840,249	64,889,452
Call loans, Canada	70,655,661	72,640,526
Call loans, elsewhere	105,952,101	92,106,695
Current loans, Canada	881,331,981	774,909,172
Current loans, elsewhere	40,990,126	37,970,839
Loans to provincial governments	5,134,491	2,475,715
Overdue debts.	3,927,213	3,341,291
Real estate other than premises	1,472,059	1,575,328
Mortgages on real estate	2,132,279	966,575
Bank premises	37,023,299	32,557,940
Other assets	15,950,602	17,726,147
	$1,526,081,158	$1,390,069,518

*Difference in addition due to omission of cents.

senting the write-up of bank premises account by the Bank of Montreal, particulars of which were given in last year's article, in the March number of THE BANKERS MAGAZINE. Apart from that, the increase of surplus account in 1912 was quite equal to the 1911 increase.

The increase occurred, as in previous years, from the issue of new stock at premiums ranging all the way from twenty-five to over 100 per cent., and through reservation of a part of the current earnings. At present the indications are that further capital increases of some importance will be seen in 1913. The demands for credit continue to increase from year to year; and the fact that every increase of paid-up capital carries with it the right to issue tax-free notes to the same amount, operates as an inducement to enlarge the capital almost as rapidly as the stockholders can absorb new stock. For these reasons the capital accounts of the banks are kept open, more or less, all the time. Issues of new stock are made in moderate-sized amounts, usually $500,000 or $1,000,000, and the rights have some value.

In the next table the profits and dividends as in 1912 and 1911 are given:

Net Earnings of Canadian Banks.

Bank	Year Ended	Net Earnings 1912	Net Earnings 1911	Div. Paid 1912	Div. Paid 1911
[1]Canadian Bank of Commerce	Nov. 30	$2,811,806	$2,305,409	11%	10%
Bank of Montreal	Oct. 31	2,518,408	2,276,519	12	10
[2]Royal Bank of Canada	Nov. 30	1,527,324	1,152,250	12	12
Merchants Bank of Canada	Nov. 30	1,338,844	1,179,581	10	9½
Imperial Bank of Canada	Apr. 30	1,004,340	841,692	12	11¼
Bank of Nova Scotia	Dec. 31	970,544	815,519	14	13½
Dominion Bank	Dec. 31	901,529	704,046	14	12
Bank of Toronto	Nov. 30	835,787	677,964	12	11
Union Bank of Canada	Nov. 30	706,832	662,437	8	8
[3]Molsons Bank	Sep. 30	661,538	693,170	11	11
Bank of Ottawa	Nov. 30	640,220	595,228	11¾	11
[4]Bank of British North America	May 31	622,444	643,156	9	7
Bank of Hamilton	Nov. 30	495,860	443,506	11	11
Banque d'Hochelaga	Nov. 30	481,616	415,000	9	8¾
Standard Bank of Canada	Jan. 31	381,601	373,208	12¼	12
Banque Nationale	Apr. 30	293,564	262,513	7	7
[5]Northern Crown Bank	Nov. 30	291,094	285,694	6	5½
[6]Quebec Bank	Nov. 15	284,084	276,392	7	7
Banque Provinciale	Dec. 31	185,162	184,398	5	5
Metropolitan Bank	Dec. 31	168,842	153,350	10	10
Bank of New Brunswick	Dec. 31	150,804	147,622	13	13
Home Bank of Canada	May 31	140,030	121,942	6¼	6
Sterling Bank of Canada	Apr. 30	107,876	96,826	5	5
[7]Bank of Vancouver	Nov. 30	46,894	20,361	Nil	Nil
[7]Weyburn Security Bank	Dec. 31	33,985	26,682	5	2½
[8]Eastern Townships Bank	Nov. 30	......	459,570	..	9
[8]Traders Bank of Canada	Dec. 31	......	601,134	..	8
		$17,601,028	$16,415,169		

[1]Canadian Bank of Commerce absorbed Eastern Townships Bank March 1, 1912, and therefore had the benefit of the absorbed bank's earning power for nine months in 1912.

[2]Royal Bank of Canada profits 1912 for eleven months only. This bank absorbed the Traders Bank of Canada September 3, 1912, and therefore had the benefit of the absorbed bank's earning power for three months in 1912.

[3]Molsons Bank profits 1911 and 1912 are given exclusive of taxes—to make them conform to profits declared by other banks.

[4]Bank of British North America profits 1912 for eleven months only.

[5]Northern Crown profits 1912 for eleven months only.

[6]Quebec Bank profits 1912, less taxes.

[7]Bank of Vancouver and Weyburn Security Bank annual reports not published at date of writing this article. Profits have therefore been estimated from the monthly returns.

[8]Eastern Townships Bank and Traders Bank of Canada were absorbed during the year.

The increase of profits in 1912 was substantial—amounting, as it did, to about $1,200,000. As the 1911 figures constituted the high record up to that year, a new record is created for 1912. The list of banks in the table comprises all the chartered banks in active business save one—La Banque Internationale—a new bank which is to be absorbed by the Home Bank of Canada. Increases of dividend were numerous; in no less than fourteen cases the rate of distribution in 1912 exceeded that for 1911.

Banking History.

Among the important events of 1912 should be mentioned the absorption of the Eastern Townships Bank by the Canadian Bank of Commerce, which went into effect March 1, and the absorption of the Traders Bank of Canada by the Royal Bank of Canada, ef-

fective September 3. Through the acquisition of the Eastern Townships the Commerce was placed in position for challenging the lead of the Bank of Montreal, which has been for over ninety years the premier Canadian bank in point of amount of total assets. Shortly after the amalgamation the Commerce passed the older bank and retained the lead for several months; but according to the last bank statement published—that for December 31 —the Bank of Montreal was again in the ascendant by a narrow margin.

Through its acquisition of the Traders the Royal Bank became an institution with about $180,000,000 of assets —the Bank of Montreal and the Canadian Bank of Commerce possessing $239,000,000 and $237,000,000 respectively. The Royal also acquired during the year the Bank of British Honduras and now, therefore, possesses a branch at Belize. This move, and the movement of the bank to increase the number of its branches in the West Indies, doubtless represent a part of the plan for taking full advantage of the prospective opening of the Panama Canal.

Two other absorptions were announced during the year, to go into effect in 1913. The Bank of Nova Scotia (founded 1832) entered into agreement to absorb the Bank of New Brunswick (founded 1820). Although the Bank of New Brunswick is one of the oldest banks in the Dominion, its operations were confined, until a comparatively recent period, to the city of St. John; and, therefore, its assets did not rise to the large proportions attained by the other old established banks. At the end of the year 1912 the Nova Scotia had total assets of $71,000,000 and the New Brunswick had assets of $12,000,000. Thus the consolidated bank will presumably compete with the Merchants Bank of Canada for fourth place. The absorption of the Internationale by the Home marks the end of a notable venture by French bankers in the Canadian field.

The year 1912 saw the introduction to the Ottawa Parliament of the new bank act which is to carry the charters of the banks to July 1, 1923. The new act provides for a compulsory audit—the auditors to be appointed by the shareholders at the annual meeting; for the creation of a new central gold reserve as security against bank note issue; it gives the banks authority to lend to farmers on the security of grain held on the farm and to ranchers on cattle held at the ranch; and it stiffens up the regulations covering the promotions and organizations of new banks. The new central gold reserve is to apply only to bank note issues in excess of paid-up capital. Any bank can issue notes to any amount in excess of paid-up capital free of tax on depositing gold or Dominion notes equal to the excess, in the central reserve.

Production and Trade.

In agriculture the year 1912 had mixed results. Early in the year very large crops were expected. Later, continued unfavorable weather aroused general fears that large sections of the crops would be destroyed. When the harvest season finally arrived it was discovered that the outcome was not unsatisfactory on the whole. Herewith are the figures for the last six years of the estimated yields of wheat, oats and barley in the three western provinces of Manitoba, Saskatchewan and Alberta:

Year	Wheat, Bushels	Oats, Bushels	Barley, Bushels
1907	70,922,584	74,513,000	19,187,000
1908	96,863,689	108,987,000	24,050,000
1909	119,200,000	163,998,000	30,542,000
1910	101,236,000	108,301,000	7,130,000
1911	169,725,000	185,570,000	33,300,000
1912	196,000,000	224,500,000	49,600,000

The quality of the grain in 1912 was better than in 1911, but prices have not been as satisfactory. The movement to the terminals has been extraordinarily rapid.

In the eastern provinces also the summer was wet and unseasonable; and the yield was less satisfactory on that account. The results for Ontario, the principal agricultural province, were:

	1912	1911
Wheat, bushels	13,650,000	22,327,000
Barley, bushels	13,195,000	19,103,000
Oats, bushels	95,670,000	102,084,000

The Silver Output.

The Cobalt mining field in 1912 produced about 1,500,000 ounces less of silver than in 1911; but, thanks to the high prices prevailing, the value of the output increased about $2,000,000. Following is the record for the past nine years:

	Tons shipped	Value
1904	158	$111,887
1905	2,144	1,360,503
1906	5,335	3,667,551
1907	14,788	6,155,391
1908	25,942	9,133,378
1909	29,942	12,461,576
1910	33,947	14,500,000
1911	25,089	15,700,000
1912	21,509	17,690,000

The decline in the shipments of ore is accounted for in part by the increased number of concentrating and reducing plants at work. A larger proportion of the total output now goes in the form of concentrates and bullion. Still, for all that, it is quite generally believed that the zenith has been passed.

The new gold mining field in the Porcupine district produced about $2,000,000 during 1912, and it is expected to give perhaps $5,000,000 to $6,000,000 in 1913.

Immigration.

The immigration movement proceeded in rather heavier volume throughout 1912. About 400,000 settlers arrived—the comparison with preceding years being as follows:

1907	268,337
1908	143,754
1909	182,670
1910	325,000
1911	351,595
1912	395,000

The movement of farmers from the Western States into Saskatchewan and Alberta shows no sign of waning; and the movement of good British settlers to the Dominion has increased.

General Trade.

In all parts of the Dominion the trading and industrial companies report very heavy sales and great activity. Profits in nearly all lines have been very good and it is clear that 1913 is expected to be a prosperous year. Railway earnings, bank clearings and the other indices have pointed in a favorable direction. However, there are also signs, as one of the leading bankers put it recently, that the ship is straining somewhat under the great load of prosperity.

Practical Banking Contributions Wanted

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in The Bankers Magazine.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods. systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

Good Advice to Bankers

Suggestions of Hon. Hugh McCulloch, First Comptroller of the Currency, to the Managers of the National Banks

OFFICE OF THE COMPTROLLER OF THE CURRENCY.

Washington, December 30, 1863.

THE managers of the national banks will pardon me for making a few suggestions to them upon subjects of interest to them and the national banking system.

RECORDS OF ORGANIZATION.

The articles of association, copies of which have been transmitted to this office, should be recorded in the minute book, together with the proceedings of the stockholders in the first election of directors, so as to clearly exhibit the organization of the bank. In this book should also be recorded the by-laws of the bank, the proceedings of the board in the election of officers, and all the other proceedings of the board of directors at all regular and special meetings.

The minutes should exhibit the appointment of judges of all elections of directors, and the return or report of the judges; the installation of the directors-elect after each annual election, and that the proper oaths were administered to them; the appointment of officers; the penalty of the bonds required of them; and that the bonds have been filed and approved by the board. In short, the minutes of a bank should exhibit its original organization; the proceedings that are had for the perpetuation of its corporate existence, and the action of its board of directors in superintending and directing its affairs. The minutes of each meeting should be signed by the president and attested by the cashier.

BUSINESS.

The business of the banks should be carefully and promptly conducted. The books, at the close of each day, should exhibit the amount of cash on hand and the exact condition of the bank. In large banks all the books should be balanced daily; in small banks, weekly or semi-monthly; and as often as every quarter, a careful examination of their affairs should be made by committees of the directors appointed for this purpose, and a report of the result of these examinations entered upon the minutes. The officers of the bank, other than the president, should be appointed to hold their offices during the pleasure of the board, and bonds should be executed accordingly. This will obviate the necessity of requiring annual bonds from these officers, and will prevent the occurrence of a time when they will not be under bond. Presidents being annually elected or appointed, will, of course, be required to give annual bonds; and whenever an officer is appointed or reappointed, a bond should be required of him.

CONDITION OF THE COUNTRY.

Bear constantly in mind, although the loyal States appear superficially to be in a prosperous condition, that such is not the fact. That while the Government is engaged in the suppression of a rebellion of unexampled fierceness and magnitude, and is constantly draining the country of its laboring and producing population, and diverting its mechanical industry from works of permanent value to the construction of implements of warfare; while cities are crowded, and the country is to the same extent depleted, and waste and extravagance prevail as they never before prevailed in the United States, the nation, whatever may be the external indications, is not prospering. The war in which we are involved is a stern necessity, and must be prosecuted for the preservation of the Government, no matter what may be its cost, but the

country will unquestionably be the poorer every day it is continued. The seeming prosperity of the loyal States is owing mainly to the large expenditures of the Government and the redundant currency which these expenditures seem to render necessary.

Keep these facts constantly in mind, and manage the affairs of your respective banks with a perfect consciousness that the apparent prosperity of the country will be proved to be unreal when the war is closed, if not before; and be prepared, by careful management of the trust committed to you, to help to save the nation from a financial collapse, instead of lending your influence to make it more certain and more severe.

Discounts.

Let no loans be made that are not secured beyond a reasonable contingency. Do nothing to foster and encourage speculation. Give facilities only to legitimate and prudent transactions. Make your discounts on as short time as the business of your customers will permit, and insist upon the payment of all paper at maturity, no matter whether you need the money or not. Never renew a note or bill merely because you may not know where to place the money with equal advantage if the paper is paid. In no other way can you properly control your discount line, or make it at all times reliable.

Distribute your loans rather than concentrate them in a few hands. Large loans to a single individual or firm, although sometimes proper and necessary, are generally injudicious, and frequently unsafe. Large borrowers are apt to control the bank; and when this is the relation between a bank and its customers, it is not difficult to decide which in the end will suffer. Every dollar that a bank loans above its capital and surplus it owes for, and its managers are, therefore, under the strongest obligations to its creditors, as well as its stockholders, to keep its discounts constantly under its control.

Treat your customers liberally, bearing in mind the fact that a bank prospers as its customers prosper, but never permit them to dictate your policy.

If you doubt the propriety of discounting an offering, give the bank the benefit of the doubt, and decline it; never make a discount if you doubt the propriety of doing it. If you have reason to distrust the integrity of a customer, close his account. Never deal with a rascal under the impression that you can prevent him from cheating you. The risk in such cases is greater than the profits.

In business, know no man's politics. Manage your bank as a business institution, and let no political partiality or prejudice influence your judgment or action in the conduct of its affairs. The national currency system is intended for a nation, not for a party; as far as in you lies, keep it aloof from all partisan influences.

Officers.

Pay your officers such salaries as will enable them to live comfortably and respectably without stealing, and require of them their entire services. If an officer lives beyond his income, dismiss him; even if his excess of expenditures can be explained consistently with his integrity, still dismiss him. Extravagance, if not a crime, very naturally leads to crime. A man cannot be a safe officer of a bank who spends more than he earns.

Capital.

The capital of a bank should be a reality, not a fiction; and it should be owned by those who have money to lend, and not by borrowers. The Comptroller will endeavor to prevent, by all means within his control, the creation of a nominal capital by national banks, by the use of their circulation, or any other artificial means; and in his efforts to do this, he confidently expects the coöperation of all the well-managed banks.

General Management.

Every banker under the national system should feel that the reputation of the system, in a measure, depends upon

the manner in which his particular institution is conducted, and that, as far as his influence and management extend, he is responsible for its success; that he is engaged in an experiment, which, if successful, will reflect the highest honor upon all who are connected with it, and be of incalculable benefit to the country; but which, if unsuccessful, will be a reproach to its advocates and a calamity to the people. It should be a chief aim, therefore, of the managers of the banks to make their respective institutions strong; not only to keep their capital from being impaired, but gradually to create a surplus that will be a protection to their capital and to their creditors in the trying times that sooner or later happen to all banking institutions. There are few items that have a better look upon the balance-sheet, and none that is better calculated to give aid and comfort to the managers of a bank, and to secure for it the confidence of the people, than a large surplus fund. Create, then, a good surplus, even if you have for a time to keep your stockholders on short commons in the way of dividends to do it.

Pursue a straightforward, upright, legitimate banking business. Never be tempted by the prospect of large returns to do anything but what may be properly done under the National Currency Act. "Splendid financiering" is not legitimate banking, and "splendid financiers," in banking, are generally either humbugs or rascals.

Recollect, especially at the present time, that it should be the object of all honorable bankers to expedite, as far as practicable, rather than to postpone a return to specie payments. While the exigencies of the nation have required that the issues of the Government should be a legal tender, it must never be forgotten that the business of the country rests upon an unsound basis, or rather, is without a proper basis, as long as the Government and the banks are not meeting their obligations in coin.

The eyes of the people are turned to the national banks. The indications are strong that if they are well managed they will furnish the country with its bank-note circulation. It is of the last importance, then, that they should be so managed.

The sincere efforts of the Comptroller will not be wanting to make the system a benefit to the country. May he not expect that these efforts, on his part, will be sustained by the effort of the managers of the banks that have been or may be organizing under it?

HUGH MCCULLOCH, *Comptroller.*

Fifty Years in a National Bank

MR. JAMES H. KNIGHT has just rounded out fifty years' association with the old and well-known First National Bank of Hartford, and as his bank was one of the first organized under the National Bank Act and he came into the bank practically at its inception, Mr. Knight may well lay claim to the longest continuous service of any national bank official in the country.

Mr. Knight went to what is now • First National Bank March 9, 1863. hat time it was a State institution —the Merchants and Manufacturers' Bank—with capital of $506,300, deposits of $94,019.51 and circulating notes of $354,656. The population of the Capital City of Connecticut was about 30,000, now over 100,000, and the total deposits of the city banking institutions were but $3,482,815.67, as compared with over $36,000,000 at the present time.

The books of the First National Bank were opened for business Feb. 1, 1864. Its first president was Edwin D. Tiffany and its first cashier James

S. Tryon. John F. Holmes was teller, Charles S. Gillette bookkeeper and discount clerk, and these and the present president made up the complete staff of the bank.

The bank began business in the building of the State Savings Bank on Pearl street, and the primitive methods of those days are exemplified by the fact that the key to the vault was in two parts, one of which was in possession of the president and the other was lodged with the cashier.

Later the bank removed to Central Row and in 1898 its present fine building on State street was completed and occupied.

The original capital of $500,000 was increased by a stock dividend in 1868 to $650,000 and its surplus in 1863 of $42,000 has grown to $480,000 and its deposits of $94,000 have increased to nearly $4,000,000.

Mr. Knight advanced steadily through successive promotions, becoming assistant cashier in 1872, cashier in 1883 and president in 1887, so that 1912 was his twenty-fifth as president and 1913 is the fiftieth year of his connection with the bank.

JAMES H. KNIGHT
FOR FIFTY YEARS ASSOCIATED WITH THE FIRST NATIONAL BANK OF HARTFORD

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Acceptance

ORAL PROMISE OF CASHIER—NEGOTIABLE INSTRUMENTS LAW.

Supreme Court of Kansas, Dec. 7, 1912.

RAMBO ET AL VS. FIRST STATE BANK OF ARGENTINE.

Under sections 134 and 139 of the Negotiable Instruments Act, the drawee of a bill is not obligated to pay the holder unless and until he accepts the bill and the acceptance must be in writing and be signed by the drawee.

Equity must follow the law in all cases in which the Legislature has intervened and prescribed rules of law which govern the rights of the parties.

A bank is not liable on equitable grounds to the holder for the amount of an unaccepted check which it has refused to pay because the holder acquired the check on the oral representation of the bank that the drawer had funds on deposit to meet the check, that the check was good, and that the holder might safely take it in payment for goods sold the drawer.

F. E. MASON deposited with the defendant a check for $250, and received credit therefor on account subject to check. Afterwards he drew a check on the bank in favor of the plaintiffs for $150 to pay for a diamond ring which he desired to purchase of them. One of the plaintiffs communicated with the bank by telephone, informed the cashier of the pending ring transaction, and asked if the check was good. The cashier replied that Mason had on deposit sufficient funds to meet the check, that the check was good, and that it would be all right to let Mason have the ring. Relying on what the cashier said, the

plaintiffs sold the ring, and took the check in payment of the price. The bank then discovered that the check for which it had given Mason credit was fraudulent, and, when the plaintiffs presented their check, payment was refused. The plaintiff sued the bank for the amount of the check, setting up all the facts. A demurrer was sustained to the petition, and the plaintiffs appealed.

Burch, *J.*—The plaintiffs base their right to recover on the principle of equitable estoppel as stated in Clark v. Coolidge, 8 Kan. 189: "As a general rule estoppels in pais can apply only in the following cases: (1) Where the party doing the act or making the admission knows at the time the truth of the matter about which he is acting or making admissions, or pretends that he knows the same, or has better means of knowing the same than the other party. (2) Where the other party does not know the truth of the same. (3) Where the act or admission is expressly designed to influence the conduct of the other party. (4) Where the other party relies upon and is influenced by such acts or admissions." All these elements, except perhaps the third, and its presence may be conceded, were embraced in the allegations of the petition. The argument is that the bank's failure to investigate the genuineness of the check deposited by Mason before the plaintiffs inquired about it made the loss possible, and consequently that the bank, although innocent of intentional wrongdoing, is the one who in justice and good conscience must suffer.

The state of facts upon which liability is predicated is the old, old one of refusal to pay an unaccepted bill which the drawee orally recommended as good to the holder before he acquired it. The question in such cases is, Was it the duty of the drawee to pay the bill? If not, no liability attaches for refusal to pay because no duty has been violated. The obligation of the drawee of a bill to the holder has been dealt with expressly by the Legislature in the Negotiable Instruments Act.

[1] The drawee is not liable on the bill unless and until he accepts it. Section 134. Acceptance is the signification by the drawee of his assent to the order of the drawer, and acceptance must be in writing signed by the drawee. Section 139. Gen. Stat. 1909, Sections 5380, 5385. Section 134 relates to rights and duties, and not to form of remedy. It means that the drawee is not obligated to pay the holder unless and until he accepts, and the plaintiffs gain nothing by saying that they do not sue "on the bill."

[2] Neither do they gain anything by saying that they ground their action upon equitable considerations, since equity must follow the law in all cases in which the Legislature has intervened and prescribed rules of law which govern the rights of the parties. "The established rule, although not of universal application, is that equity follows the law, or, as stated in Magniac v. Thompson, 15 How. 281, 299, [14 L. Ed. 696], 'that, wherever the rights or the situation of parties are clearly defined and established by law, equity has no power to change or unsettle those rights or that situation, but in all such instances the maxim equitas sequitur legem is strictly applicable.' * * * Courts of equity can no more disregard statutory and constitutional requirements and provisions than can courts of law. They are bound by positive provisions of a statute equally with courts of law, and, where the transaction or the contract is declared void because not in compliance with express statutory or constitutional provision, a court of equity cannot interpose to give validity to such transaction or contract, or any part thereof." Hedges v. Dixon County, 150 U. S. 182.

[3] The negotiable instruments act entailed no hardship upon the plaintiffs, for they might have asked for a certified check, or might easily have obtained a lawful acceptance, and to permit them to recover on the theory proposed would loose again upon the business world the evils which the statute was designed to repress.

The judgment of the district court is affirmed. All the Justices concurring.

Voting Trust

EXPENSES OF PAYMENT OUT OF FUNDS OF BANK.

Supreme Court of North Carolina, Dec. 11, 1912.

FIRST NAT. BANK OF FARBORO VS. HOLDERNESS.

Majority stockholders of a national bank, who enter into an illegal voting trust agreement to secure for themselves for a fixed period the control of the bank, may not divert the funds of the bank, not concerned in the agreement nor authorizing it, to the payment of the expenses of preparing the agreement, and of defending the action in which it was adjudged illegal.

THE defendants were parties to a pooling contract or "voting trust" agreement to secure to themselves for the period of fifteen years the management and control of the plaintiff bank. The defendants were, respectively, the president, the vice-president, and cashier of the bank. One of the minority stockholders, who did not join in the agreement to pool the stock, brought an action to determine the legality thereof, contending that it was illegal and void. This court upheld that contention. Bridgers v. Bank, 152 N. C. 293. The defendants, out of the funds of the bank, paid the expenses of the preparation and drafting of said pooling agreement and of defending the action in which it was held illegal. This action is brought by the bank to recover the sums thus expended, on the ground that this disbursement of its funds was unauthorized, and that the defendants should have paid such expenses personally. The court below sustained this contention, and the defendants appealed.

CLARK, *C. J.*—The bank was not a party to the contract and agreement and took no part in the making or execution of the contract. The question of ultra vires, therefore, does not arise. The bank was merely a formal party in the action to declare the voting trust illegal.

The defense set up that these defendants acted in good faith is not germane to this question, which is merely one of legal right to use the funds of the bank for this purpose. Certain officers and stockholders of the bank made an agreement among themselves to pool the stock, which agreement was in violation of both the State and Federal statutes. Bridgers v. Bank, supra. The bank was not concerned in that agreement and did not authorize it. The cost of making it and the expenditure made in the effort to maintain the legality of the "voting trust" cannot be assessed against the bank. Its assets are a trust fund primarily for its creditors and secondarily for its stockholders. This fund could not be diverted to the payment of the expenses of an agreement among the stockholders, even if such agreement had been valid, and signed by all the stockholders. A fortiori, such expenses are not a valid charge against the bank when the agreement is invalid and was signed by only a portion of the stockholders.

These defendants should have paid all the attendant expenses out of their own funds. In taking the money of the bank for that purpose they acted without legal authority. The judgment directing repayment to the bank of its money thus wrongfully expended by them must be affirmed.

Usury

NATIONAL BANK—PENALTY—COUNTER CLAIM.

Supreme Court of Oregon, Jan. 7, 1913.

MERCHANTS NAT. BANK OF PORTLAND VS. JNO. P. SHARKEY CO. ET AL.

In an action upon a promissory note by a national bank usurious interest paid by the maker cannot be set off against the principal debt, even though the State statute provides that such a counterclaim may be pleaded.

But in such an action testimony showing the usurious character of the transaction may be received for the purpose of reducing the rate of interest after commencement of the action from the conventional rate to the legal rate.

THIS is an action brought on June 2, 1910, to recover the balance due upon a promissory note for $25,800, executed by defendants to plaintiff, upon which it was alleged there was due the sum of $24,000, with interest from February 22, 1910, at the rate of eight per cent. per annum. Defendants answered, admitting the execution of the note, and alleging that there had been paid thereon the sum of $4,041.12, and that the interest had been paid up to July 8, 1910. The answer further alleged, in effect, that the plaintiff exacted, in consideration of making the loans, the payment of $5,000, and the transfer of property of the net value of over $14,000, in addition to the eight per cent. interest provided in the note, and asked that such sums be credited as payments on the note sued upon. The reply denied the allegations of the answer, tending to show usury; and later, in May, 1911, plaintiff filed a supplemental reply, admitting that interest had been paid on the note up to March 30, 1911, and the $1,822.09 had been paid on the principal in addition to the sums credited in the complaint, and alleged that there was then due on the note the sum of $22,977.91, with interest from April 5, 1911. On the trial the court held that the answer did not state facts sufficient to constitute a defense under the United States banking statutes, and excluded defendant's testimony tending to show the usurious nature of the original loan. There was a verdict and judgment for the plaintiff for $23,296.38 and $250 attorney's fees, from which judgment defendants appealed.

McBride, *C. J.*—(After stating the facts as above). Section 5198, U. S. Revised Stat. (Vol. 5, p. 130, Fed. Stat. Anno.; U. S. Comp. St. 1901, p. 3493), provides that: "The taking, receiving, reserving or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon." Section 5198 (Vol. 5, p. 133, Fed. Stat. Anno.) provides that: "In case the greater rate of interest has been paid, the person by whom it has been paid, or his legal representatives, may recover back, in an action in the nature of an action for debt, twice the amount of the interest thus paid from the association receiving the same; provided, such action is commenced within two years from the time the usurious transaction occurred."

[1] By the great preponderance of authority it is held that the remedy herein provided for usurious transactions by national banks is exclusive. Farmers' & Mechanics' National Bank v. Dearing, 91 U. S. 29; Haseltine v. Central Bank of Springfield, 183 U. S. 132. The usurious interest paid cannot be offset or counterclaimed against the principal debt in an action brought by the bank upon the note. Barnet v. National Bank, 98 U. S. 555. This is the rule even where the State statutes provide that such counter-claim may be pleaded. Barnet v. National Bank, supra. In the case last cited the court say: "The remedy given by the statute for the wrong is a penal suit. To that the party aggrieved or his legal representatives must resort. He can have redress in no other mode or form of procedure. The statute which gives the right prescribes the redress, and both provisions are alike obligatory upon the parties."

[2] As to the interest accruing after the commencement of the suit, we are of the opinion that the court should have admitted testimony tending to show the usurious nature of the transaction. The conventional interest, if unpaid, is forfeited; but, as to interest accruing after the commencement of the suit, the rule seems to be that the plaintiff is entitled to recover at the legal rate only. Brown v. Marion National Bank, 169 U. S. 418, 18 Sup. Ct. 390, 42 L. Ed. 801. The legal rate in this State is six per cent. The rate specified in the note is eight per cent. Defendants were entitled for the purpose of reducing the rate of interest from the conventional rate to the legal

rate to introduce the evidence rejected.

The judgment will, therefore, be reversed, and a new trial ordered, unless the plaintiff shall within twenty days remit the sum of $71.46; and in either case the defendants, having recovered a better judgment here than in the court below, should recover their costs in this court.

Indorser

WHO IS—WAIVER—NEGOTIABLE INSTRUMENTS LAW.

Supreme Court of Florida, Nov. 20, 1912.

HOPKINS ET AL VS. COMMERCIAL BANK.

Where a party, who is the payee of a negotiable promissory note, places his name on the back of the note under the words, "We, as indorsers, waive demand, notice and protest, and guarantee payment of this note, and acknowledge that we sign with full understanding of this contract," such person is an indorser, since by the indorsement he does not "clearly indicate by appropriate words his intention to be bound in some other capacity," as contemplated by the statute; and parol evidence is not admissible to show the status of such indorser to be that of a maker, so as to compel an action against him jointly with the three persons who signed the note as the makers thereof.

THIS was an action upon a note in the following form:

"$800.00 Jacksonville, Fla., May 30, 1911.

Thirty days after date we promise to pay to the order of S. S. Goffin eight hundred and no-100 Dollars, at the Commercial Bank, for value received, with interest at the rate of eight per cent. per annum after maturity until paid. Together with an attorney's fee of ten per cent. if given after maturity to an attorney for collection.

H. G. HOPKINS.
2423 F. H. ELMORE.
S. G. SEARING.

Due June 29, 1911.

Indorsed: "We, as indorsers, waive demand notice and protest, and guarantee payment of this note, and acknowledge that we sign with full understanding of this contract.

S. S. Goffin."

The defendants pleaded that Goffin should have been made a defendant with them.

WHITFIELD, *C. J.* (Omitting part of the opinion)—Whether parties should be joined as defendants in an action on a negotiable promissory note may depend upon status or relation as well as upon liability. The status of an indorser or of a guarantor of a negotiable promissory note is quite different from that of a maker of the note, even though the liability of indorser or guarantor may, because of waivers, be equal to that of the maker. An indorser and the makers of a negotiable promissory note should not be joined as defendants in an action on the note. See Hough vs. State Bank of New Smyrna, 61 Fla. 290; Webster vs. Barnett, 17 Fla. 272.

Section 2996 of the General Statutes provides that "a person placing his signature upon an instrument otherwise than as maker, drawer or acceptor, is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity." In this case S. S. Goffin, the payee of the note, placed his signature upon the back of the note under words that, "as indorser," he "waived demand, notice and protest," and did "guarantee payment of this note." This indorsement does not indicate an intention to be regarded as a maker of the note; for Goffin was the payee. The indorsement indicates merely (1) a purpose to waive the technical rights of Goffin as an indorser under the law to have due demand, notice and protest if the note is not paid by those primarily liable thereon as makers, and (2) an express recognition of his liability as fixed by law. The law fixes the status of S. S. Goffin as that of an indorser, since he placed his signature upon the instrument otherwise than as maker, drawer or acceptor, and did not clearly indicate by appropriate words his intention to be bound in some other capacity.

The words upon the back of the note preceding the indorsement by S. S. Goffin, the payee, waiving demand notice, and protest ,and guaranteeing the payment of the note, may affect Goffin's liability; but they do not affect his status as a party other than a maker. There is no such anomaly in the indorsement as will authorize the use of

parol testimony to fix upon the indorser the status of a maker of the note; for he is by the plain terms of the note its payee, and his indorsement distinctly states that he puts his name on the back of the note as an indorser, and that he expressly waives rights that are peculiar to an indorser. The use of the other words in the indorsement does not constitute the payee of the note a maker of it. These plain terms of the written instrument cannot be varied by parol merely for the purpose of showing that the payee named in the note was in fact a maker and not the payee; no fraud, overreaching, or other facts appearing that would authorize the introduction of parol testimony. Goffin being the named payee, and having indorsed the note, not as a maker, but as an indorser, the makers of the note cannot claim for him the status of a maker, even if his liability is equal to that of a maker.

Negotiable Instruments Law

INSTRUMENTS SUBJECT TO INDORSEMENTS MADE AFTER ENACTMENT OF.

Kansas City Court of Appeals, Dec. 9, 1912.

GATE CITY NAT. BANK VS. SCHMIDT.

Where a note was made and delivered before the Negotiable Instruments Law went into effect an endorsement thereon is governed by the prior law though made after the statute became operative.

THIS was an action against the indorser of a promissory note.

JOHNSON, *J.*—(Omitting part of the opinion): Counsel for plaintiff rely on certain provisions of the act relating to negotiable instruments enacted by the Legislature in 1905 (section 9971 et seq., Rev. Stat. 1909) to support their position that defendant should be held as an indorser of the note in suit, but we find that law has no application to this case. The act did not go into effect until June 16, 1905. See Session Acts 1905, pp. 243, 265, and 330. It contains the express enactment that "the provisions of this chapter do not apply to negotiable instruments made and delivered prior to the passage hereof." Section 10164, Rev. Stat. 1909. The note in suit was made and delivered June 15, 1905, the day before the act went into effect. True, the obligation of defendant as an indorser did not arise until after the act had become effective and the indorsement constituted a new and independent contract, but that contract grew out of the note which became an integral part of it, and an action for the enforcement of such contract falls within the purview of the provision quoted, which clearly was intended to except all negotiable instruments in existence at the time of the enactment of the new law from being, or in any wise becoming, subject to the operation of its provisions. The rights of the parties, therefore, are to be measured by the rules of law pertaining to negotiable instruments that were in force before the new act became a law.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Director—Time Within Which to Qualify

BOSTON, MASS., Jan. 23, 1913.

Editor Bankers Magazine:

SIR: How long has a director after his election to take the oath of office? In the case I have in mind, one of the persons chosen at the last meeting of the stockholders was in Europe at the time, and will not be back before March. PRESIDENT.

Answer: The statute does not fix any particular time within which a person elected a director must qualify. The rule to be applied would, therefore, seem to be that applied in other cases where an act is required to be done,

but the time for doing it is not fixed, that is to say, such time as, under the circumstances, would be reasonable. In the case stated in the inquiry, the director could no doubt qualify upon his return to this country in March.

Promissory Note — Negotiability—Consent to Extension

IOWA CITY, IOWA, January 25, 1913.

Editor Bankers Magazine:

SIR: Kindly advise whether the clause in the following note, "consent that time of payment may be extended without notice" renders the note non-negotiable:

$——— Iowa City, Iowa———191—

———days after date, we promise to pay to the order of ————————————

At the First National Bank, Iowa City

————————————Dollars

with interest from date at the rate of seven per cent. per annum, payable annually, and plaintiff's attorney's fees if sued hereon. Defaulting interest to draw eight per cent. interest; and we agree to pay a reasonable attorney's fee for the collection of this note in case it should be collected by an attorney or by suit, and I consent that any Justice of the Peace shall have jurisdiction of a suit brought on this note to an amount not exceeding Three Hundred Dollars. The makers, sureties, endorsers and guarantors of this note consent that time of payment may be extended without notice, and hereby severally waive presentment for payment, notice of non-payment, protest and notice of protest.

No. ————(R) ————

P. O.———————— ————————

TELLER.

Answer: That a provision of this character would not destroy the negotiable character of the note was decided by the Supreme Court of Illinois in the case of Spitzel vs. Miller, reported in THE BANKERS MAGAZINE for October, 1912, p. 423. In that case, the note contained the following condition: "We also agree that in case said note is not paid at maturity, that it is at the option of the holder hereof to extend, as he deems proper, the payment of the above note, and that said extension shall not in any manner release one or either of us from the payment hereof." The court said: "The contention that said quoted words gave the holder the authority to extend the note as he pleased, that it could not be known what extensions he might grant, and that, therefore, the time when the note became due and payable was uncertain and indeterminate, rendering the note non-negotiable, cannot be sustained. The note expressly provides that such option to extend can be exercised only upon the failure of the payors to make payment at its maturity. The time of payment is certain. The note is dated February 22, 1908, and payable one year thereafter. After a note is due, its negotiability, for all practical purposes, is at an end."

Stockholder—Books of Bank —Inspection of

NEW YORK, Jan. 24, 1913.

Editor Bankers Magazine:

SIR: Kindly inform me whether a stockholder in a national bank has a right to examine the books of the bank, and if he had this right, how he would enforce it where the directors refuse to allow him to look at the books.

STOCKHOLDER.

Answer: It has been decided by the Supreme Court of the United States that a shareholder in a national bank has the right for proper purposes and under reasonable regulations as to time and place to inspect the books of the bank. (Guthrie vs. Harkness, 199 U. S. 148.) And it has been held that it is a proper purpose where the stockholder contemplates a suit for false representations upon the sale of the stock. (Woodward vs. Old Second Nat. Bank, 154 Mich. 459.) The proper legal reemdy where the directors refuse to allow the inspection is a mandamus. (People vs. Consolidated Nat. Bank, 105 App. Div. [N. Y.] 429.) This writ may be issued by a State court. (Guthrie vs. Harkness, 199 U. S., 148.)

The A B C of Bonds

By Arthur G. Luders of Ashley & Co.

EVERYONE naturally desires to secure the highest rate of interest upon his money provided it is safe. The object of this booklet is to point out to people with $100 or more a way to get from five per cent. to six per cent. interest without sacrificing any of the elements of safety.

Deposits in a savings bank bring only four per cent. and in many cases only 3½ per cent. interest; and if, for any reason, they are withdrawn before the end of the quarter, the interest for the entire quarter is lost.

The money so deposited in banks is invested by the bank in bonds and in real estate mortgages and the difference between the interest received by the bank on its bonds and mortgages and the interest which it pays to its depositors constitutes its profits.

High class bonds and real estate mortgages yield from 4½ per cent to 6½ per cent. and if, instead of keeping your money in the bank, *you* invest it in good bonds, you may get the benefit of a much higher interest return and at the same time your money will be just as safe. In other words, *you* may get the bank's profit yourself.

What Bonds Are.

In considering investments it is important to know something about bonds and a brief description of them follows:

A bond of a company is a promise to pay a stated amount on a specified date and is consequently very different from the company's stock, which represents merely an interest in its business. The date upon which a bond becomes due or payable is known as its "maturity." Bonds are usually secured by a "mortgage" or a "deed of trust," but as it is impossible to give a separate mortgage to each bondholder, the mortgage is generally made to a "trustee," which in most cases is a trust company, who holds the mortgage for the equal benefit of all the holders of the bonds secured by it. In other words, a bond is a part of a mortgage. When the bond is first issued the trustee signs a certificate upon it stating that it is one of the bonds secured by the mortgage mentioned upon its face.

Bonds are issued in two forms known as "coupon" and "registered." The coupon bond is payable to bearer and, as its name implies, there are attached to it a certain number of coupons, each one of which is for three or six months' interest on the bond (although the interest on most bonds is payable every six months). A coupon is payable every three or six months, as the case may be, until the bond matures or falls due and each coupon states when and where it is payable. Therefore, in order to collect the interest on any coupon bond you hold, it is only necessary to detach each coupon as it becomes due and deposit it in your bank the same as cash. The coupons are usually payable at the office of the trustee. A registered bond is payable only to the person in whose name it is registered and the trustee usually mails to the registered holder a check for the interest upon it as it becomes due, there being no coupons attached to it. Coupon bonds may generally be registered as to principal; in other words, the bond itself may be registered so that it is of no value to anyone else, but the coupons are always payable to bearer.

There are a number of different kinds of bonds (such as mortgage bonds, debentures, collateral trust bonds) and the names used to designate them usually depend upon the form of security which is back of them

and the following is a brief description of the kinds most widely used:

First Mortgage Bonds are secured by a mortgage which is a first lien on certain property usually described in the mortgage.

Refunding Mortgage Bonds are secured by a second mortgage, although they are frequently used to refund or pay off an issue of first mortgage bonds in which case they are known as first and refunding mortgage bonds. In many cases a sufficient number of refunding bonds are deposited with the trustee to retire any first mortgage bonds which may be outstanding.

Debentures are an obligation of the company issuing them, but there is no definite security back of them other than the assets and credit of the issuing company.

Collateral Trust Bonds are secured by depositing with the trustee certain other bonds or stocks of value equal to or greater than the collateral trust bonds.

Convertible Bonds are usually debentures which may be converted into or exchanged for a stated amount of the stock of the issuing company. This conversion is usually optional with the bondholder.

Income Bonds are sometimes secured by a mortgage on the company's property, but the payment of the interest on them is dependent upon the income or earnings of the company. In some cases the rate of interest is fixed and in others it is not.

Equipment Bonds are secured by a lien on the locomotives, cars, etc., of a railroad.

Car Trust Bonds are similar to equipment bonds except that the cars, etc., are owned by the trustees for the bondholders and are leased to the railroad company for a term of years at a rental which will pay the interest on the bonds and also retire or pay off a sufficient number of bonds each year so that the entire issue will be paid before the cars, etc., are worn out.

Underlying Bonds.

When an issue of bonds is put out secured by a refunding or second mortgage on certain property the bonds secured by a first mortgage on all or part of that same property become what are known as "underlying bonds" and these are usually very valuable. They are the kind that conservative people keep locked up in their strong boxes and only get them out to cut off the coupons. Many underlying bonds were issued by the original company owning the property and are guaranteed or assumed by the company subsequently purchasing or acquiring it.

Sinking Funds.

It is sometimes provided in a mortgage or deed of trust securing an issue of bonds that the company will at stated intervals deposit with the trustee a certain amount of money for the purpose of paying off a portion of the issue. This is known as a "sinking fund" and in some cases the amount so deposited by the company will be sufficient to pay off the entire issue by maturity, but such is not generally the case except in timber and coal bonds.

There are two ways of retiring the bonds through a sinking fund in general use. One is for the trustee to advertise that it has a certain amount of money on hand for that purpose inviting the bondholders to offer their bonds at not exceeding a certain price. The offers are kept by the trustee until a certain date and then the bonds offered at the lowest price are taken up. If a sufficient number of the bonds are not offered, the trustee draws lots and thereby selects the serial numbers of an amount of the bonds, sufficient to exhaust the funds so deposited with it provided the company has the option of redemption, which is frequently the case. In some cases bonds so bought or called are cancelled; in others they are kept alive in the sinking fund and the interest used to purchase or call other bonds at the next sinking fund period. The fact that the bonds bearing these numbers have been drawn for payment is advertised and the bonds cease to bear interest after a certain date. In some cases they are drawn for payment without the trustee advertising for offerings. The other method, which is not used to any extent, is for the trustees to invest the funds so deposited with it and hold them in that way until the Bonds mature and then they pay them off.

In considering the value of a bond the important points to be looked into are:

1. Security of Principal.

This means: Is the property securing the bond of value equal to or greater than the amount of outstanding bonds?

2. Security of Interest.

Are the net earnings of the company sufficient to pay the interest on all its bonds and still leave an amount sufficient to guard against "hard times"? Are the company's earnings stable, i. e., are they likely to be affected by panic conditions to an extent which will affect the bondholders?

3. CONVERTIBILITY.

Can the bonds be sold at any time without much trouble and will your bank loan you money upon them?

4. YIELD.

Is the yield or interest return consistent with the security and convertibility of the bond?

5. INCREASE IN VALUE.

Is there a reasonable possibility of the bonds increasing in value?

Bonds combining absolute security and convertibility do not yield as much as those in which one of these elements is lacking. There are many well secured bonds which have not a very wide market and consequently the yield on them is proportionately high, and on the other hand there are a great many bonds which have a wide market but are not so well secured and on them also the yield is fairly high. The investor who insists upon both safety and marketability must be satisfied with a low interest return and he is frequently paying for something he does not require, namely, a quick market.

"AND INTEREST."

Bonds are almost invariably sold at a price "and interest." This means that if on October 1st you buy a five per cent. bond of $1000 at 95 and interest, on which the interest is payable January-July 1st, you must pay $950 plus interest at five per cent. on $1000 from July 1st to October 1st, or three months, which is $12.50 or $962.50 in all. Then on the following January 1st you collect a coupon for $25.00, representing six months' interest on $1,000. This $25.00 includes the three months' interest, $12.50, which you paid when you bought the bond and the three months' interest from the time you bought to January 1st, which is also $12.50. In other words, you may sell a bond at any time without losing any interest.

In determining the "yield" on bonds there are three things to be considered, viz.: the price, the rate of interest and the maturity.

YIELD.

The face amount of a bond is known as "par" and when a bond sells for more than par it is said to sell "at a premium"; when it sells for less than par it is said to sell "at a discount." When a bond maturing in two years and on which the interest is payable semi-annually sells at a discount the difference between its selling price and its par must be divided into four amounts and added to the semi-annual interest actually received in order to determine the actual yield on that bond. These added amounts, however, are not actually received uitil the bond matures and the principal of it is paid.

We will take for example a bond for $1,000 bearing five per cent. interest, payable semi-annually on January and July 1st, and due on July 1, 1914. This bond was purchased on July 1, 1912, for 98.14 and at that price will yield six per cent., as proved by the following computation:

July 1, 1912—Cost of bond..		$ 981.40
Jan. 1, 1913—6 months' interest at 6% on $981.40......	$29.45	
Jan. 1, 1913—Coupon collected	25.00	
Jan. 1, 1913—Interest still due which is added to principal		4.45
Jan. 1, 1913—Amount on which interest is to be calculated for next 6 months.		$ 985.85
July 1, 1913—6 months' interest at 6% on $985.85...	$29.57	
July 1, 1913—Coupon collected	25.00	
July 1, 1913—Interest still due which is added to principal		4.57
July 1, 1913—Amount on which interest is to be calculated for next 6 months.		$ 990.42
Jan. 1, 1914—6 months' interest at 6% on $990.42.....	$29.72	
Jan. 1, 1914—Coupon collected	25.00	
Jan. 1, 1914—Interest still due which is added to principal		4.72
Jan. 1, 1914—Amount on which interest is to be calculated for next 6 months.		$ 995.14
July 1, 1914—6 months' interest at 6% on $995.14...	$29.86	
July 1, 1914—Coupon collected	25.00	
July 1, 1914—Interest still due which is added to principal		4.86
Amount received at maturity		$1000.00

In the case of a bond selling at a premium the same general rule applies except that part of the amount received for each coupon is deducted from the cost of the bond so that at maturity there will be just the face amount of the bond charged to the principal of the investment. The same bond mentioned before, bought at 101.90 would yield only four per cent. as proved by the following:

July 1, 1912—Cost of bond..		$1019.00
Jan. 1, 1913—Coupon collected	$25.00	
Jan. 1, 1913—6 months interest at 4% on $1019.......	20.39	
Jan. 1, 1913—Difference deducted from principal....		4.61
Jan. 1, 1913—Amount on which interest is to be calculated for next 6 months.		$1014.39
July 1, 1913—Coupon collected	$25.00	
July 1, 1913—6 months' interest at 4% on $1014.39..	20.30	
July 1, 1913—Difference deducted from principal....		4.70
July 1, 1913—Amount on which interest is to be calculated for next 6 months.		$1009.69
Jan. 1, 1914—Coupon collected	$25.00	
Jan. 1, 1914—6 months' interest at 4% on $1009.69....	20.21	
Jan. 1, 1914—Difference deducted from principal....		4.79
Jan. 1, 1914—Amount on which interest is to be calculated for next 6 months.		$1004.90
Carried forward		$1004.90
Brought forward		$1004.90
July 1, 1914—Coupon collected	$25.00	
July 1, 1914—6 months' interest at 4% on $1004.90..	20.10	
July 1, 1914—Difference deducted from principal....		4.90
Amount received at maturity		$1000.00

There are many good bonds on the market yielding five per cent. or over, but the average man, in making investments of this character, should seek the advice of a reputable bond house, which is careful to recommend to its clients only such bonds as, after careful investigation, it considers safe and sound investments.

Investment and Miscellaneous Securities

GUARANTEED STOCKS.

Quoted by W. E. Hutton & Co., Dealers in Investment Securities, 60 Broadway, New York.

(Guaranteeing company in parentheses.)

	Bid.	Asked.
Albany & Susquehanna (D. & H.)	280	290
Allegheny & West'n (B. R. I. & P.)	130	140
Atlanta & Charlotte A. L. (So.R.R.)	167	175
Beech Creek (N. Y. Central)	92½	97
Boston & Lowell (B. & M.)	204	...
Boston & Albany (N. Y. Cen.)	211	216
Boston & Providence (Old Colony)	290	297
Broadway & 7th Av. R. R. Co. (Met. St Ry. Co.)	160	165
Brooklyn City R. R. (Bk. H. R. R. Co.)	160	165
Camden & Burlington Co. (Penn. R. R.)	130	140
Cayuga & Susquehanna (D.L.&W.)	208	215
Christopher & 10th St. R. R. Co. (M. S. R.)	130	140
Cleveland & Pittsburg (Pa. R. R.)	167¼	169
Cleveland & Pittsburg Betterment	97½	99½
Columbus & Xenia	203	207
Commercial Union (Com'l C. Co.)	100	110
Concord & Montreal (B. & M.)	156	162
Concord & Portsmouth (B. & M.)	170	...
Conn. & Passumpsic (B. & L.)	130	...
Conn. River (B. & M.)	250	265
Dayton & Mich. pfd. (C. H. & D.)	120	...
Delaware & Bound B. (Phila.&R.)	190	200
Detroit, Hillsdale & S. W. (L. S. & M. S.)	93	98
East Pa. (Phila. & Reading)	125	135
Eighth Av. St. R. R. (M. S. R. C.)	300	...
Elmira & Williamsport pfd. (Nor. Cen.)	100	110
Erie & Kalamazoo (J. S. & S.)	200	230
Erie & Pittsburg (Penn. R. R.)	134	142
Ft. Wayne & Jackson pfd. (L. S. & M. S.)	128	133
Franklin Tel. Co. (West. Union)	40	50
Forty-second St. & G. St. R. R. (Met. St. Ry.)	260	280
Georgia R. R. & Bk. Co. (L. & N. A. C. L.)	265	270
Gold & Stock Tel. Co. (W. U.)	118	124
Grand River Valley (Mich. Cent.)	112	125
Hereford Railway (Maine Central)	85	92
Inter Ocean Telegraph (W. U.)	98	104
Illinois Cen. Leased Lines (Ill. Cen.)	93	96
Jackson, Lans. & Saginaw (M. C.)	80	87
Joliet & Chicago (Chic. & Al.)	160	170
Kalamazoo, Al. & G. Rapids (L. S. & S.)	130	140
Kan. C., Ft. Scott & M., pfd. (St. L. & S. F.)	75	80
K. C., St. L. & C. pfd. (Chic. & Al.)	105	125
Little Miami (Penn. R. R.)	205	210
Louisiana & Mo. Riv. (Chic. & Atl.)	125	150
Mobile & Birmingham pfd. 4% (So. Ry.)	70	80
Mobile & Ohio (So. Ry.)	80½	88
Morris & Essex (Del. Lack. & W.)	171	175
Nashville & Decatur (L. & N.)	185	190
N. Y., Brooklyn & Man. Beach pfd. (L. I. R. R.)	110	118
N. Y. & Harlem (C. & P.)	325	355
N. Y. & Harlem (N. Y. Central)	325	355
N. Y. L. & Western (D. L. & W.)	121	125
Ninth Av. R. R. Co. (M. St. Ry. Co.)	150	...
North Carolina R. R. (So. Ry.)	160	170
North Pennsylvania (Phila. & R.)	193	...
North R. R. of N. J. (Erie R. R.)	82	90
Northwestern Telegraph (W. U.)	113	124
Nor. & Wor. pfd. (N.Y.,N.H.&H.)	210	...
Old Colony (N. Y., N. H. & H.)	175	180
Oswego & Syracuse (D. L. & W.)	205	220
Pacific & Atlantic Tel. (W. U.)	63	65
Peoria & Bureau Val. (C.R.I.&P.)	172	182
Pitts. B. & L. (B. L. E. & C. Co.)	60	68
Pitts. Ft. Wayne & Chic. (Pa.R.R.)	166	170
Pitts., Ft. Wayne & Chic. special (Pa. R. R.)	150	165
Pitts., McKeesport, McW'port & Y. (P. & L. E. M. S.)	125	...
Providence & Worcester (N. Y., N. H. & H.)	270	...
Rensselaer & Saratoga (D. & H.)	185	191
Rome, Watertown & O. (N.Y.Cen.)	121	...
Saratoga & Schenectady (D. & H.)	160	170
Second Av. St. R. R. (M. S. R. Co.)	10	16
Southern Atlantic Tel. (W. U.)	92	97
Sixth Av. R. R. (Met. S. R. Co.)	110	120
Southwestern R. R. (Cent. of Ga.)	108	112
Troy & Greenbush (N. Y. Cent.)	160	163
Twenty-third St. R. R. (M. S. R.)	200	250
Upper Coos (Maine Central)	122	...
Utica, Chen. & Susq. (D. L. & W.)	142	148
United N. J. & Canal Co. (Pa.R.R.)	237	241
Valley of New York (D., L. & W.)	117	122
Warren R. R. Co. (D., L. & W.)	164	170

SAFE DEPOSIT

Selection of Proper Material for Vault Construction

How the Maximum of Strength May Be Obtained

The contest between the makers of armor-plate for naval vessels and the manufacturers of guns powerful enough to pierce it has long enlisted the interested attention of the world. Hardly less important is the search for some material strong enough to protect securities and money from destructive elements and from assaults by burglars or mobs. This is a subject in which bankers as custodians of the forms of property named are vitally concerned—a fact fully justifying the publication of the following description of the efforts made to find the best material for vault construction.—Editor Bankers Magazine.

THE fundamental principle of the necessity of perfect vault protection lies in decisions that have been rendered; viz., "the law holds a bank to a strict accountability for the care of collateral in its possession belonging to others." In addition to this there enters the great element of self-protection or the protection of the banks' own funds and securities which may amount to far more than the collaterals belonging to others. In view of this great necessity for protection, vault builders are constantly experimenting to overcome the possibility of cracksmen or others securing an advantage.

In the larger cities, with excellent police systems and other safeguards, the question of burglary has become of lessened importance. But even if modern vaults were so constructed as to be burglar-proof beyond question, a force has arisen that must be considered as more serious than that of burglary; viz., the social unrest that prevails and which may eventually lead to revolution unless checked. Students of sociology are giving this matter close attention and many predict that, unless conditions are changed, within a few years such an uprising will occur. When an association is permitted to exist unchecked, whose watchword is: "No God, no law, no country"; when lawlessness is permitted to go unnoticed; when structures are dynamited, without regard to human life or property valuation, because their constructors are not union men—surely the matter is fraught with great peril.

It has been almost the universal custom of a mob, after its main object has been attained, to attack the banks. In Cincinnati, during the riots of a few years back, the mob actually secured possession of a prominent bank and it required the services of almost the entire State militia to dislodge them. During the last uprising in China many banks were looted, and but recently in Lawrence, Mass., the authorities, realizing the result if the banks were left unprotected, placed a cordon of soldiers around them.

One cannot read the daily papers without having forced on one's attention the lawlessness and objection to constituted authority manifested in the reports. With these things in view, attention must be paid to vault construction which will resist attacks of any nature that may be brought.

The Bethlehem Steel Company have given this most important subject their earnest attention and after much experimenting have decided that the only method of construction that will effectually accomplish the purpose is Harveyized Nickel Steel Armor Plate of the same construction as that used by the

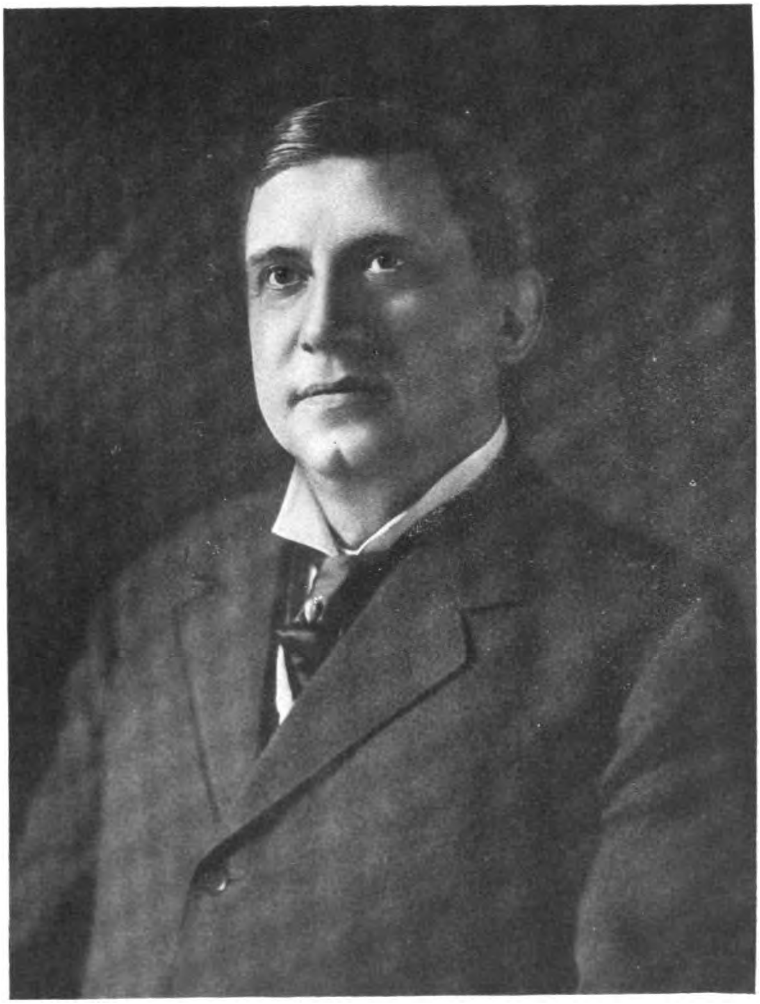
nations of the world for the protection of their battleships.

While it will not be possible to enter into a chemical analysis or the processes required, to explain the composition of the metal used, it can be said that these plates are forged to the actual thickness and size required.

Forged under a 14,000-ton press the metal becomes very dense and compact, free from pipes, segregations, seams, or blow holes, which cannot be avoided in rolled or cast sections.

A tensile strength of 100,000 to 125,000 is secured as against a probable 60,000 to 70,000 by the rolling process, and even less for cast metal. By carbonizing and tempering a degree of hardness is secured that will resist any steel cutting tools yet devised.

The joints are made so close that it is impossible to make effective use of any form of wedge. This great advantage comes through the unification of the plates as opposed to the laminated construction of thin plates held together by



Charles M. Schwab
PRESIDENT BETHLEHEM STEEL COMPANY

AN INGOT FROM WHICH ARMOR PLATE IS FORGED. WEIGHT, 273,500 LBS.

screws. Experiments made by one of the leading vault engineers who expended over $100,000 in these tests, demonstrated that if a given section of the very best laminated construction resisted any force possible to be applied to the destruction of a vault, which force may be represented by one, it required 8.26 more force to destroy a similar section of armor plate under exactly the same conditions.

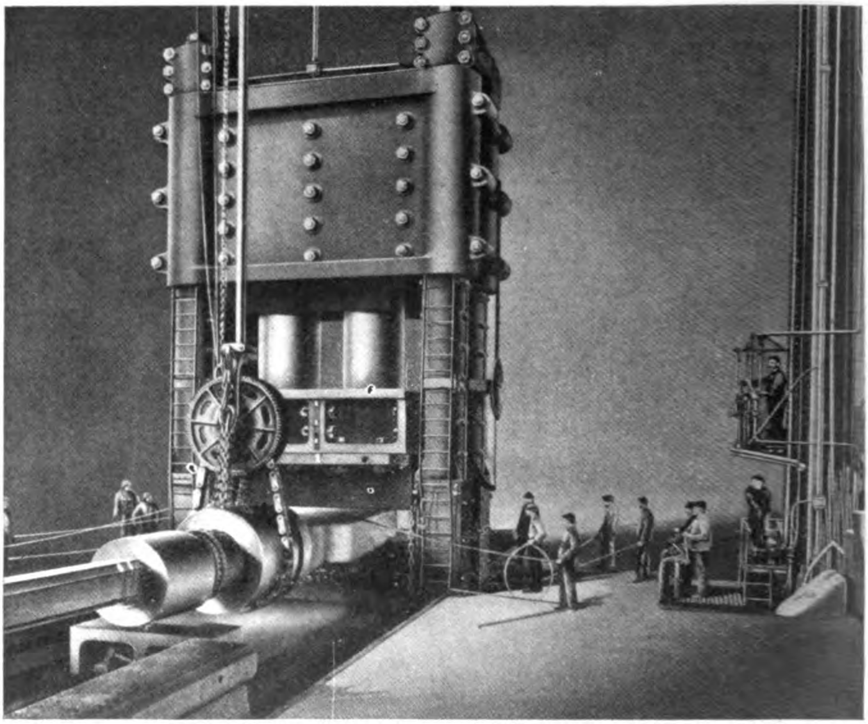
Sledging would have no more effect on armor plates, than it would on a properly made and tempered anvil. The solid plate, as used for the body or lining of the vault, would resist the penetration of any field gun and the heavier plates used in the door and jambs would offer still greater resistance to such attack.

The close joints of armor plate construction, together with the fact that each plate is of full thickness, without laminations or screws, makes the vault absolutely waterproof. This is of the utmost importance, as was demonstrat-

VAULT, UNION TRUST COMPANY, SAN FRANCISCO, CAL. OUTSIDE FINISH AND GRILLE

ed in the Equitable fire in New York, where immense quantities of records were practically destroyed by water seeping through the joints of the laminated plates.

The doors are each made in one solid forging, including the frames through which the bolts work, and are ground to their seats to make a perfect metal to metal fit and render them proof



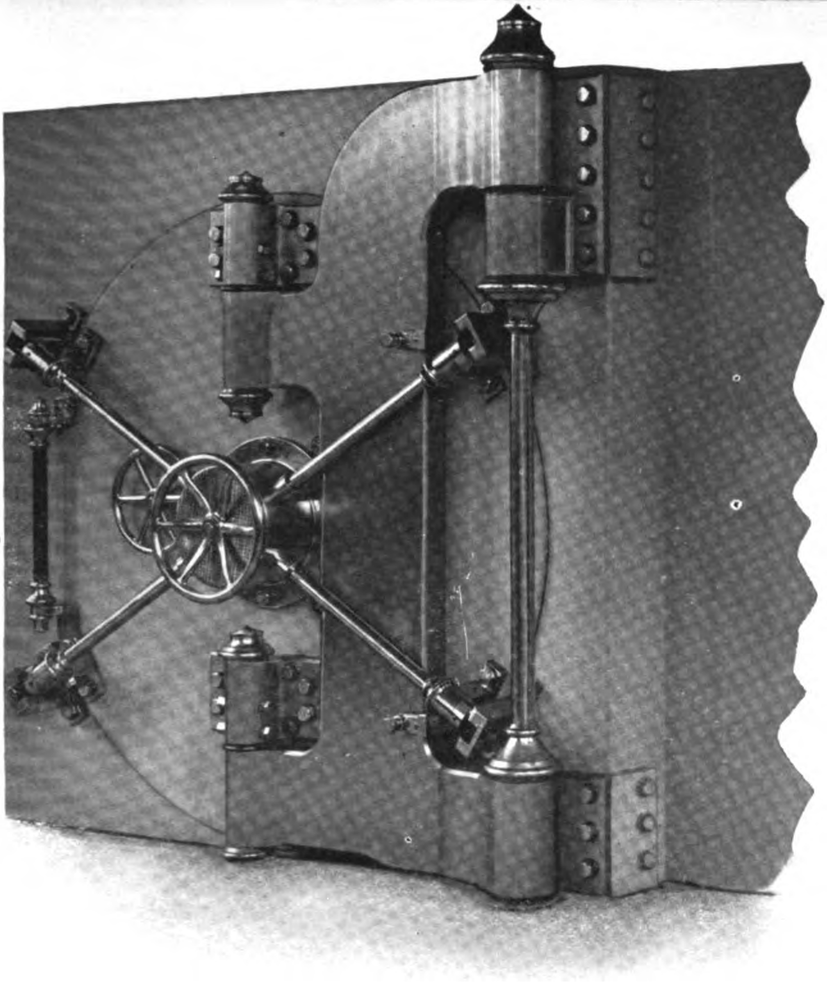
ARMOR-PLATE PRESS (PRESSURE 14,000 TONS TO SQUARE INCH). USED IN FORGING PLATES FOR HARVEYIZED STEEL VAULT CONSTRUCTION

against the introduction of liquid explosives or water.

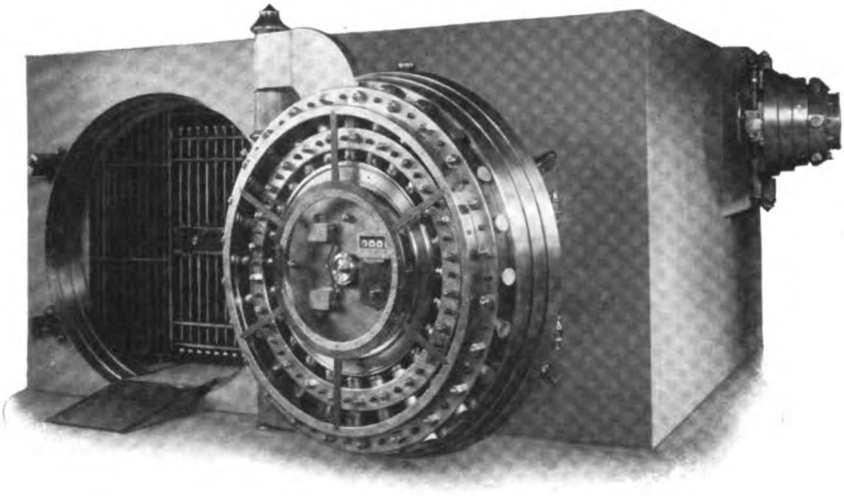
A device is attached that prevents leaving the door unlocked without the fact becoming apparent and signal lights show when doors are fully locked. The doors are provided with twenty-four or more bolts, all controlled by one or more combination locks, which in turn are controlled by four time movements, any one of which will do the work necessary to unlock the door, and thus prevent the possibility of a lock-out.

Armor plate vault construction has, after the most rigid investigations and experiments, been adopted by the leading banks and financial institutions. Below will be found the names of a few of those that are using this constru[illegible]n:

The National City Bank, New York.
The National Park Bank, New York.
The Farmers Loan & Trust Co., New York.
The Mercantile Safe Deposit Co., New York.
The Knickerbocker Trust Co., New York.
The Fifth Avenue Safe Deposit Co., New York.
The Old Colony Trust Co., Boston.
The Girard Trust Co., Philadelphia.
The Girard National Bank, Philadelphia.
The Philadelphia Clearing-House, Philadelphia.
Provident Life & Trust Co., Philadelphia.
Union National Bank, Pittsburg.
First National Bank, Pittsburg.
Farmers Deposit National Bank, Pittsburg.
Union Trust Co., Pittsburg.
Commonwealth Trust Co., Pittsburg.
Buffalo Savings Bank, Buffalo.
Western Reserve Trust Co., Cleveland.
Cleveland Trust Co., Cleveland.
Union Savings Bank & Trust Co., Cincinnati.
Continental and Commercial National Bank, Chicago.
Commercial Safe Deposit Co., Chicago.
Continental Trust Co., Baltimore.
Western National Bank, Baltimore.
Eutaw Savings Bank, Baltimore.
Third National Bank, St. Louis.
Mercantile Trust Co., St. Louis.
United States Trust Co., Louisville.
American National Bank, Indianapolis.
Indiana National Bank, Indianapolis.
Penobscot Safe Deposit Co., Detroit.

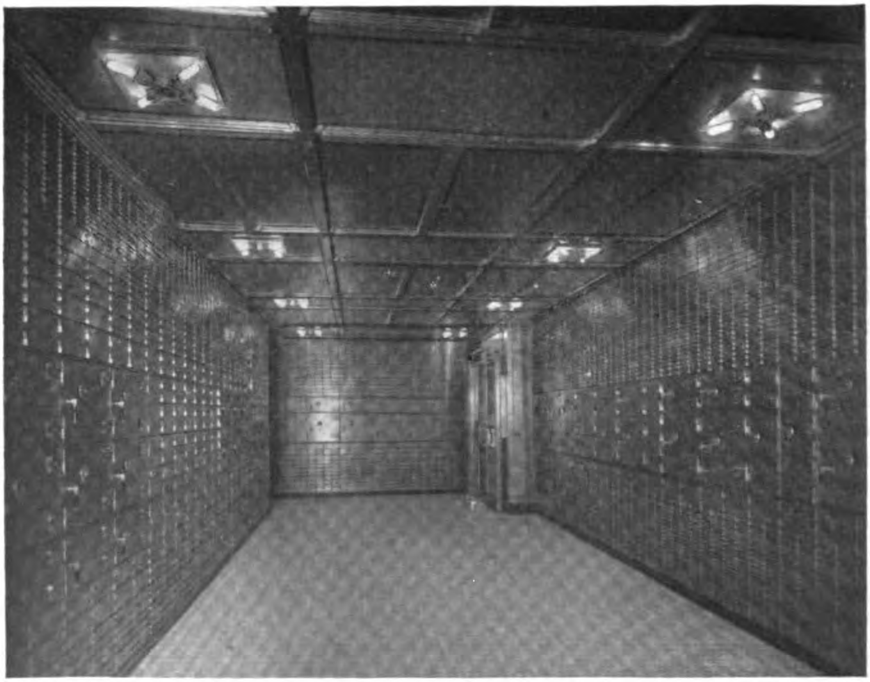


VAULT, E. P. WILBUR TRUST COMPANY, SOUTH BETHLEHEM, PA.
MAIN DOOR CLOSED

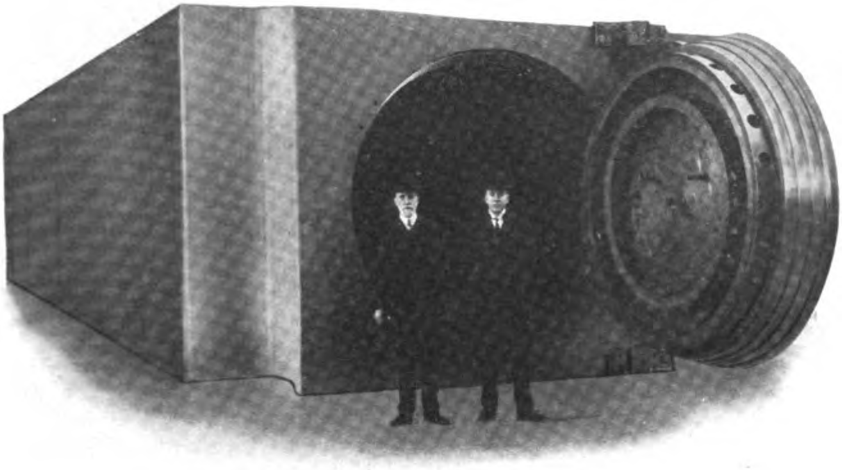


VAULT, E. P. WILBUR TRUST COMPANY, SOUTH BETHLEHEM, PA.
MAIN AND EMERGENCY DOOR OPEN

VAULT, UNION TRUST COMPANY, SAN FRANCISCO, CAL. DOOR OPEN SHOWING BOLT WORK AND FOOT BRIDGE

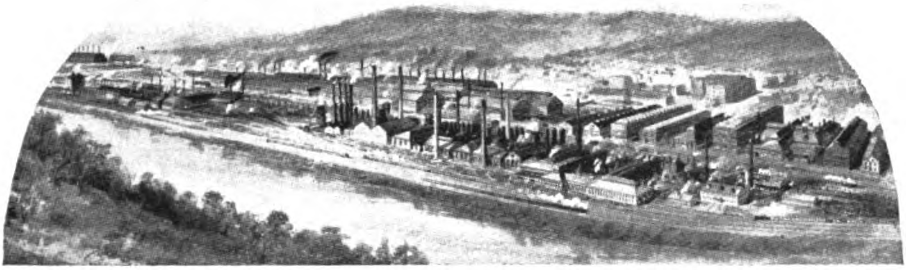


VAULT, UNION TRUST COMPANY, SAN FRANCISCO, CAL. SHOWING INTERIOR ARRANGEMENT OF DEPOSIT BOXES



NATIONAL NEWARK BANKING COMPANY, NEWARK, N. J. MAIN VAULT DOOR SWUNG INTO POSITION

Union Trust Co., San Francisco.
Humboldt Savings Bank, San Francisco.
First National Bank, San Francisco.
San Francisco Savings Union, San Francisco.
Los Angeles Safe Deposit & Trust Co., Los Angeles.
Northwestern Mutual Life Ins. Co., Milwaukee.
Marshall & Ilsley Bank, Milwaukee.
Morristown Trust Co., Morristown, N. J.
National Newark Banking Co., Newark, N. J.
Marine National Bank, Buffalo.



BETHLEHEM STEEL COMPANY, SOUTH BETHLEHEM, PA.—PARTIAL VIEW OF PLANT

Tax on German Fortunes

A TAX on German fortunes is depended upon to pay the expense of the military expansion programme which the Kaiser is so insistent upon because of his interpretation of the formation of the new Slav nation in the form of the Balkan League. The rates of the proposed tax for the provision of a war fund are as follows: Up to $50,000 $1.25 in every $500; $50,000 to $125,000, $1.60; $125,000 to $250,000, $2.50; $250,000 to $2,500,000, $5; $2,500,000 to $5,000,000, $7.50; $5,000,000 to $12,500,000, $10; $12,500,000 to $20,000,000, $12.50; $20,000,000 to $25,000,000, $15; more than $25,000,000, $20 in every $500. These figures will undoubtedly prove an effective test of the patriotism of the German millionaire. To those who are not violently patriotic there will undoubtedly occur a suggestion to change their investments in an effort to at least confuse the tax assessor.

*"In Case of My Death"

A Safe Deposit Article on Gifts "*Inter Vivos*" and "*Causa Mortis*"

BY JOHN P. CARTER, CUSTODIAN LINCOLN SAFE DEPOSIT COMPANY, NEW YORK; AUTHOR OF THE SAFE DEPOSIT NARRATIVE, "IN THE CAVE OF ALADDIN," ETC., ETC.

NO one upon whom the study of human nature is thrust by his "day's work," it cannot but be a surprise to learn how imperfect and superficial, in any practical sense. seems a conception of the inevitability of personal demise—of the great surrender, the unconditional and complete relinquishment of all things, soon or later to be demanded from every "man * * * born to die."

Theoretically, of course, the certainty of death is accepted intelligently; but only "As in a glass, darkly," does the average vision perceive and comprehend the swerveless and sure advance upon youth and health—the dread proximity to maturity and age—of the universal doom whose shadow tempers even the sun that gilds Life's cradle.

Hence it is, perhaps, that assuming large values to be in question—actual property-gifts "*inter vivos*" are comparatively few and far between; while gifts "*causa mortis*" increase in number, although legal authorities pronounce them to be "always more or less suspicious" in the eyes of the law as it relates tc estates, inclusive of the deposits of decedents.

THE DEPOSITS OF DECEDENTS.

Such, in truth, is specifically our present subject, with which the vexed question of gifts "*inter vivos*" and "*causa mortis*" is inseparably associated.

The distinction between these gifts should be understood clearly; since to confuse them, or to take it for granted that they are synonyms, is to err at a cost unfortunate for all concerned.

In legal terms, then, "a gift '*inter vivos*' is made between persons living, and without any prospect of immediate death."

"A gift '*causa mortis*' is a gift of personal property made by a person about to die, and in view of death. Such a gift, if accompanied by an actual delivery or some equivalent act by the donor in his lifetime, if capable of proper proof, is valid, notwithstanding the law relating to wills."

Surely these definitions are sufficiently clear and distinct, and have been brought to public notice repeatedly. Yet when the disposition of the property of decedents is in question, history repeats itself in regard to evidences of public ignorance of legal requirements.

Certainly it would seem that the major portion of the public must be aware, at least subconsciously, that the probate court recognizes and regards only such instructions as are presented in duly legal, or, at the very least. in valid form.

Yet notwithstanding the notable will-contests and other property-suits whose celebrated cases are reported by the daily press—notwithstanding many familiar modern instances of disappointed heirs-expectant and of plaintiffs denied the possession of gifts irregularly bequeathed, though their moral rights may be evident and admitted—yet many a customer of the safe-deposit vault, for example, persists in error respecting deeds of gift which are indicative of no actual or

immediate presentation, but of purely provisional and prospective transfer.

Such depositors inscribe little packets or parcels of bonds, stocks, jewelry, currency, etc., to certain prospective donees, and commit said inscribed parcels to their boxes or safes, showing or mentioning them to the custodian with a view to his testimony, should occasion arise.

Almost invariably, such confidences are characterized by the conditional clause, "In case of my death"—the popular catch-phrase which, while speciously conclusive and binding, yet counts for little or nothing in law.

"But why not?" queries an unconvinced and argumentative customer, to whom the safe-deposit custodian explains as follows:

"The provisional gift *'causa mortis'* is a gift with a string to it, which string characterizes it as still the property of the holder, no delivery being synonymous in law with no gift. In other words, to confer, one must actually, unconditionally and entirely relinquish; and while any privilege or semblance of ownership is assumed or retained, no clear case of transfer of property is demonstrated; and the donee in question stands in the law as absolutely without legal right or claim, complete surrender of the gift not having been made on the one hand, actual possession being lacking on the other."

It is true that in occasional cases distinguished by especially favorable circumstances and conditions, the court has awarded to some donees the *"causa mortis"* gifts undeniably intended for them.

Exceptions to the Rule.

Representative of such exceptions to the rule of legal verdicts in contests regarding gifts *"causa mortis"* are the well-known cases of Debinson vs. Emmons (158 Mass. 592), and Pink vs. Church (Rep. N. Y. 735, 128 N. Y. 634), which it is my privilege to cite from legal records.

In the first suit of equity there was evidence tending to prove that when upon her death-bed and almost *in extremis,* the donor gave as a present gift to the donee the three bank books which were the point of dispute. Here the gift was made valid by actual delivery, which in itself or its equivalent was indispensable for such issue, symbolical or constructive delivery not being sufficient in law.

In the second case an action was taken to recover certain bonds claimed by the plaintiff to have been given him by defendant's intestate. Corroborative testimony was produced as to the decedent's intentions regarding the bonds, his instructions as to their place of deposit, and his delivery of the key by which to gain possession of them. The court charged that if the key was given with intent to transfer a present title to the bonds, it effected the purpose. Upon appeal, it was held that no error existed; and the recovery of the bonds by the plaintiff was sustained.

But even such sorry triumphs, inclusive of delay, inconvenience and expense, if not of bitter controversy and heartburning, costly litigation, or compromise at great or lesser loss or sacrifice—even these now are being made impossible in certain States; the statutes of Louisiana, for instance, providing that "No disposition *'causa mortis'* henceforth shall be made otherwise than by last will and testament"; while Pennsylvania, although less sweeping and arbitrary in its ordinance, yet refuses to sanction the *"causa mortis"* disposal of an estate in its entirety.

Possibly the prejudice of the public in favor of gifts *"causa mortis"* which stop just short of actual delivery while the donor therof survives, may be ascribed to an instinct in humanity analogous to that of self-preservation—an instinct to retain what is our own to have and to hold, especially when such holding seems to be a guarantee of a lien upon the life sweet unto all—of respite from death, the undesired and dreaded.

Hence it is that a change in the spirit of donors perchance must come

before the deeds they purpose can become realities. Self-consideration and interest must go, with all grudging, ungenerous reluctance to make sacrifice complete, to give nobly if giving at all. Nor, in the special view of the case which I am taking, is the law proper the sole legal force to be considered. The changing laws of inheritance, estates, etc., as they relate to the safe deposit business, in a manner may aid the general law in frustrating the intentions of the provisional and conditional donor. As none realizes this important point more intelligently and keenly than the custodian, he has no choice, although at the risk of seeming intrusive, officious—at worst even offensive—save to rise to the duty of protest when a customer is in danger of imperiling the interests of his own chosen beneficiaries.

Yet by no means may all cases of error be accredited to selfish sentiments—just and generous spirits often sinning innocently, not only with the full consent, but even at the instigation of the donees ultimately at loss in consequence.

For example, a recent and significant instance is that of a parent who made personal delivery of a number of bonds, in absolute gift to his daughter. Not caring to realize upon them at the time, nor to assume the responsibility of their safe-keeping, she marked them with her name and returned them to her father with the request that he keep them for her in his deposit box. While thus their custodian, the depositor died; and the trust company executing his estate refused to recognize his daughter's legal right to the bonds, although none doubted her moral right to possession of them. Happily, in this special instance, the donee was provided for under the will, and thus she was spared the contest necessary for less fortunate victims of similar cases. None the less does her experience illustrate the viewpoint and argument of this appeal for public reform on the subject of gifts *"inter vivos"* scarcely less than of gifts *"causa mortis,"* since actual surrender and transfer are the conditions validating gifts of either class.

An instance less fortunate than the foregoing was that of a depositor who erroneously believed that his written statement on an envelope enclosing ten thousand dollars' worth of bonds, to the effect that these were the property of his fiancée of given name and address—the whole being consigned to his deposit box—would suffice to establish her claim to them. The Appellate Division of the Supreme Court unanimously decided that there was no doubt of the genuineness of this inscription, or of the intentions of the inscriber; nevertheless, since the element of delivery essential to constitute a gift was lacking, the decision was that the courts should not defeat the statute of wills by construing wills.

An example of similar moral for depositors was that of the suit of a private secretary for recovery of $25,000 in bonds deposited to her credit by her employer. A friendship of ten years existed between the women, which terminated, however, when a dispute arose as to the ownership of the bonds in question. The donee claimed that the gift was absolute, unconditional and entire; while the donor asserted that she had conferred only the income of ten thousand dollars' worth of bonds upon her secretary for life, the gift being merely a provisional one, contingent upon the survival of their friendship. The compromise finally agreed upon by the litigants was that a trust company should act as trustee of the bonds, pay the income of ten thousand to the secretary, and the income of the remaining fifteen thousand to their original owner—the principal to go to the survivor, upon the decease of one of the parties.

Finally, to cite a case in which I, in my safe-deposit capacity, was a witness—a case in which every precaution was taken to make a gift outright and absolute, yet which went to suit, and regarding which there was a miscarriage of justice in the first legal decision: reversed, however, upon appeal to the higher courts, the property in ques-

tion being held in escrow, in the meantime.

In this case suit was brought to determine the title to fifty one-thousand dollar bonds, which bonds one of three brothers had presented to the two others, giving each $25,000.

The safe in which these bonds were deposited was rented in all three names, the donor retaining one key, which fact might be construed as an exercise of control over the bonds, thus invalidating the gift.

As one of the few witnesses for the defendant, I underwent a grilling cross-examination; and during my three hours on the stand could not but take my observations of the jury whose verdict surprised me as contrary to the evidence presented. Undoubtedly, these men possessed all the qualifications demanded by law; yet I doubted very much if the merits and demerits of the case were comprehended by them, or if one among them laid claim to a deposit box. When the Court of Appeals reversed their verdict, the examination of the writs of error upon which the claim for a new trial was based emphasized several points of interest to safe-deposit men. To quote a couple of these:

1. "The line of demarcation between gifts '*in presenti*' and '*inter vivos*', and those which are intended to take effect at the death of the donor, and which are invalidated by reason of their testamentary character, is often shifting and uncertain."

2. "The donor may attach a condition to a gift '*in presenti*' if that condition be not inconsistent with possession or control by the donee of the gift given."

At the second trial, the plaintiff lost the case by being non-suited. Appeal was taken, but before reaching the higher courts the two brothers compromised, with the result of the division of the $50,000 into three parts, the two brothers retaining one-third each, less expenses. The intentions of the deceased brother had miscarried, yet this compromise was far more just than if the decision had been left to such a jury as erred in judgment at the first trial.

The Lesson of Such Cases.

The lesson of this and of many a similar case is that claimants to property in the safe-deposit boxes of decedents must have corroborative and conclusive evidence to support their claims, or risk its loss in part or whole, whether such property be the gift "*causa mortis*" of the decedent, or absolutely personal property confidentially consigned to the box of a relative or friend, for the favor of temporary safe-keeping.

Let me interject here that stocks endorsed in blank convey no right of ownership, when found among the effects of a deceased depositor.

To return to the subject of inscribed gifts found among the possessions of decedents, some donors bind the executors of their estates to fulfil their wishes regarding such deposits, by making what is known as "A declaration of trust."

"A declaration of trust is the act by which an individual acknowledges that a property, the title (or possession) of which he holds, does in fact belong to another, for whose use he holds the same."

Such a declaration, however, should be corroborated by authentic proof that at some time actual transfer and delivery have taken place. In consequence it devolves upon every safe deposit custodian to wrestle resolutely with depositors whenever the words "In case of my death" are uttered or informally written by them in relation to their property or deposits; and to convince them, if possible, that by far the best method is the absolute gift in the presence of reliable witnesses—or the declaration of trust validly executed.

In conclusion, let me state that more than once it has been my own deep gratification to witness the safe delivery of gifts, upon the decease of the

donor, which most certainly must have missed the donees desired and indicated had my insistence upon valid methods been less strenuous.

This fact is mentioned in no boastful spirit; but as proof positive of the justification of zeal on the part of custodians, and to illustrate the moral this article aims to impress upon the depositing public.

Vaults—A Criticism

By Frederick S. Holmes.

The following severe criticism of the present methods of safe and vault construction condemns a feature of bank equipment held up to the public as offering practically an invulnerable safeguard. If the writer's somewhat sweeping statements are true, it would seem to be the manifest duty of the banks to take prompt and energetic action to correct the conditions pointed out. If not true, the facts should be presented by some one competent to refute the statements of Mr. Holmes, who is a vault engineer of high reputation and not likely to make assertions he is unable to substantiate. In a subsequent article Mr. Holmes will explain the requisites of efficient vault construction.—Editor Bankers Magazine.

NO present-day art exhibits such a confusion of ideas, such a display of crude fabrications and such a lack of scientific adaptation of means to an end as is afforded by the security vaults in use by banks, trust and safe deposit companies and similar institutions throughout this country.

To the uninitiated man a description of conditions as they exist would be unbelievable until proven by personal investigation, and then amazement would take the place of incredulity, for there is, seemingly, no adequate reason why such inferior work should have been designed, built or used, and why many similar examples are even now being constructed.

While it is too often true that the purchaser is ignorant of vault design and of the action of forces that may be brought to bear against his work by fire, earthquake, burglars or mobs; while it is also true that burglars and mobs have not so far attacked vaults to any great extent, and while it is still further true that the design of most vault work is the result of cut-throat business competition, not any nor all of these causes would appear as sufficient reason for such widespread conditions, which, considering the grave responsibilities inherent in the subject, might fairly be called criminal.

To be more specific: How else should one characterize vaults located in non-fireproof buildings and further subject to the hourly danger of a general conflagration, the vaults consisting of bare metal linings without a vestige of fireproofing, or those inadequately fireproofed, of which there are hundreds of examples in use.

Such structures are a constant menace to their contents, the loss of which might bankrupt institutions and ruin individual depositors, or safe deposit box renters.

How, also, should one speak of other hundreds, supposed to be buglar-proof by a confiding public, (to whom the word vault has but one meaning): that are seen to be but pure "fake" when their construction is known, inadequate brick or non-reinforced concrete walls with ridiculously thin lining, or often no lining at all. Vaults located directly against adjoining property over which the bank has no control and from which entry could be made, unobserved; or set upon the ground where tunnelling operations are entirely practicable, or abutting the floor of unwatched rooms above.

Vaults with roofs so weak that a falling wall or other heavy weight would smash its way through. Vaults

with their entrances protected (?) with doors and vestibules non-fireproof, and presenting ridiculously little resistance to a burglar; hardly any to a "yegg."

Vaults built thirty or forty years ago, and out of date for half that time at least, and vaults being built to-day as bad or worse.

These are *facts;* and the conditions are far worse and more widespread than one not intimately conversant with the business would guess, and, in general, they are not improving.

Fires occur and vaults fail; architects, owners and builders duplicate the very conditions that resulted so disastrously.

"Yeggs" blow a safe and banks buy vaults even weaker.

Experiments demonstrate the ease with which solid steel doors and safes can be cut with the oxygen-burner and manufacturers are selling hundreds of examples of just that class of work to-day.

Fallacious, untrue and ridiculous arguments as to the strength of vaults pass undisputed by the banker, whose purchases prove his ignorance of the subject and the irresponsible venality of the manufacturers' selling force.

There appears never to have been any concerted effort on the part of bankers looking to the betterment of their protection as a whole, and in fact it is extremely doubtful if, as a class, they have any realization of the necessity for a radical change.

It will be a pity if they wait for the burglar to open their eyes.

The field is almost entirely under the control of the manufacturers; unlike general building, which the architect properly governs, the influence of the vault engineer has been kept within narrow limits, by a short-sighted commercial policy of the makers and a general reluctance on the part of architects to admit the need of special engineering for this work.

Under such conditions, unbiased advice is seldom to be had.

There are, to be sure, a few notable exceptions, but so few that they make little impression upon the art as a whole, and while they stand as startling examples of efficiency and economy, viewed from the standpoints of their physical properties and ease of administration, the general output of the factories is practically of the same grade that has been furnished for many years.

It is possible that long continued immunity from attack has resulted in unconcern; that bankers are apathetic because they aren't robbed; that they have no fear of probable change in social conditions, sudden and acute, as a result of labor, or other troubles, because when such things have happened, banks have not been looted; but such indifference is based upon no good reasoning.

Indeed, the very fact that vaults have so far escaped attack is, perhaps, the chief reason why they will not always be exempt, because that very freedom from test gives a sense of security in the poorest kind of work, which deprives the banker of the knowledge of its weakness and of incentive to improve it.

Considering the antiquity of safecraft it is surprising how much of mystery surrounds it; how little is known of it even by the trades most closely allied, and with what desperate slowness its sporadic advances have been made.

All of this is the more remarkable when it is considered that the physical protection of portable wealth is the very keystone of civilization and that any known lack of it constitutes a continued temptation to crime. Why such crime is not more common and has not been in past times would seem to be explained by the fact that technical knowledge of safe or vault design has always apparently been closely confined to those employed in the actual manufacture of such structures; otherwise it is certain that "strong rooms" would never have maintained their reputation.

Courage, opportunity and desire

have never been lacking in the criminals of any time, but without a knowledge of the details of safe construction, are of little use; with it the burglar becomes the most potential evil force in the world.

It is neither right nor safe to perpetuate such conditions, for, while it is true that probably no widespread attack will ever be made upon repositories of wealth, that probability in no way applies to individual cases, and with the increasing public knowledge of the design of vaults, due to their wide use and the awakening interest all over the country in safe depositories, and the ease with which destructive instruments can be acquired, the scope of the burglar will be widened, and his profession will assume a new and more startling significance.

It were better that bankers should foresee all that this would mean and increase their security, not only by the proper use of all collateral devices, but by the installation of real vault-work.

BANKING PUBLICITY

Conducted by T. D. MacGregor

How Banks Are Advertising

Note and Comment on Current Financial Publicity

THE American Security and Trust Company of Washington, D. C., which is located on the northwest corner of Fifteenth street and Pennsylvania avenue, opposite the United States Treasury, advertises that it is "Next door neighbor to the United States Treasury." This is not unlike the restaurant adjoining the Woolworth Building, which advertises that it is "next to the highest building in the world." Practically the only advertising advantage of such a slogan is that it fixes the location of the advertiser.

Richmond—Petersburg

Linked together by every tie—sentiment, relationship and common interests—in EVERYTHING except a good HIGHWAY.

It should be possible to construct a model road of concrete between these two cities. Richmond, Petersburg, Chesterfield county and property owners all should help, as the value of such a road to this whole community will be inestimable.

Let the forward movement for national good roads grow. Let EACH link in the chain be perfected a foot, a yard, a mile at a time. That is the way to build the great fortune—A PENNY, A DIME, A DOLLAR at a time working for you at 3 per cent Compound Interest in the

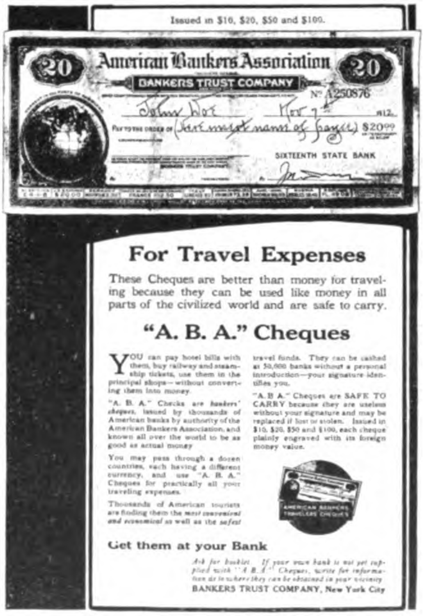
American National Bank

Richmond, Virginia.

PUBLIC-SPIRITED

Quite a number of banks took advantage of the popular interest in the new parcel post to send out printed matter giving facts about the new system and also advertising the bank. The Guardian Savings and Trust Company of Cleveland, Ohio, used a reprint in booklet form of the Parcel Post Regulations as compiled by the Postoffice Department. The Federal Title and Trust Company of Beaver Falls, Pa., sent out a parcel post rate map mailing card.

A good way to distribute a bank booklet where it will do the most good has been adopted by the Savings Union Bank and Trust Company of San Francisco, which encloses to its mailing list a reply postcard with blanks for the names and addresses of persons who



EXCELLENT NEW MAGAZINE COPY

would like to receive a copy of "Trust Company Service," which is a monthly publication of pocket size.

The Wilmington Savings and Trust Company of Wilmington, N. C., gives away a handy monthly income memorandum which will prove very useful for those who are fortunate enough to own income-producing securities as space is given to itemize the various securities with the rates of interest and the months payable. The bank says it will be pleased to cash dividend checks

HARD TO IMPROVE ON THIS

or receive them on deposit. This bank also publishes a report of an examining committee.

The trust company advertisements we reproduce are part of an interesting series which the Boston Safe Deposit and Trust Company has been running this winter. In subject matter and arrangement they are very satisfactory.

The Peoples State Bank of Detroit, Mich., has issued a "Business Calendar for the United States and Canada, 1913-1914." It contains facts about days of grace, interest rates, holidays, the negotiable instruments law, etc.

The National Bank of Smithtown Branch, Smithtown, L. I., N. Y., uses a similar plan in sending to its depositors a card they can use as a card of introduction to induce some friend or acquaintance to become a depositor.

It is an unusually well prepared folder that the Equity Savings and Loan Company of Cleveland, Ohio, sends out under the title of "Facts that Will Interest You." It is a case of "multum in parvo."

The sixty-fifth annual report of the Eutaw Savings Bank of Baltimore gives a complete list of the investments of the bank as well as some valuable information for depositors.

"Personal Service in Banking" is the name of a very attractive booklet which is being handed out by the New Netherland Bank of New York. It contains illustrations of different departments of the bank with descriptive matter opposite.

The Citizens National Bank and the Raleigh Savings Bank and Trust Company of Raleigh, N. C., this year are using an "Every Day Almanac and Home Helps" publication.

$1,250 in PRIZES

First

CORN CONTEST

OF THE

Corn Exchange National Bank

PHILADELPHIA

To be held at the Commercial (Grain) Exchange

PHILADELPHIA BOURSE

on December 4-5-6, 1913

Prizes to be awarded for the best specimens of corn grown in Pennsylvania, New Jersey, Delaware and Maryland during season 1913. Corn to be unpacked, marked and judged by representatives of the State Agricultural Colleges of Pennsylvania, New Jersey, Delaware, Maryland and the Philadelphia Commercial Exchange.

SPECIAL PRIZES FOR BOYS

All entries must be delivered (charges prepaid) at the Corn Exchange National Bank, 2nd and Chestnut Streets, Philadelphia, on or before December, 1, 1913.

Circulars giving all information may be obtained from any bank in the four States.

In Philadelphia see the Corn Exchange National Bank.

CORN EXCHANGE NATIONAL BANK

PHILADELPHIA

Dear Sir

The American Bankers' Association has interested itself in Agricultural Development and Education, but so far most of the work has been done in the West

Our name gives us an excuse for starting the movement here, and we ask your support so that practical good may result from this contest.

Will you please hang the enclosed card where your customers will see it and have your local paper give publicity to the movement? When all the enclosed circulars have been delivered to those interested advise and we will mail more.

Very truly yours,

CHAS. S. CALWELL,
President

February 10th. 1913.

A Public Spirited Project

THE CORN EXCHANGE NATIONAL BANK of Philadelphia has taken the initiative in a movement of great importance. The placard and letter reproduced herewith explain the big Corn Contest which this enterprising bank is to conduct this year. President Chas. S. Calwell explains the idea as follows:—

"The American Bankers' Association has come to the conclusion that the most useful and profitable work they could undertake is along the line of agricultural development and education.

"The Corn Exchange National Bank of Philadelphia has always been closely associated with the Grain Exchange (now called the Commercial Exchange). So we are in hearty sympathy with the movement and believe that better crops will mean increased prosperity to all.

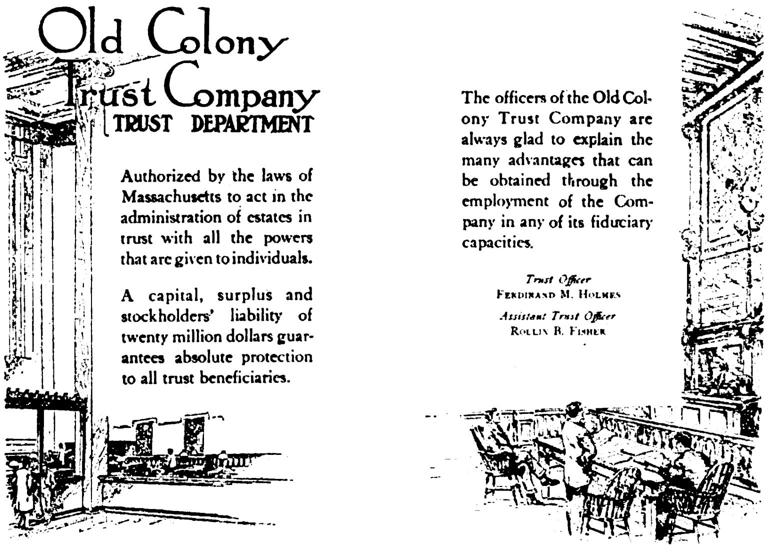
"On these broad lines we enlist the cooperation of all banks, newspapers, business men and educators in the four States—Pennsylvania, New Jersey, Delaware and Maryland."

We are pleased to reproduce one of the very artistic theatre program inserts of the Old Colony Trust Company of Boston. Mr. R. Reed Copp, of that company, writes:

Referring to our letter of the 17th inst., we take pleasure in sending you herewith, some inserts which we are using at the present time in theatre programs.

We thought possibly that they might prove of interest to you, and that you might be able to make some use of them.

It is our plan to use several subjects in this manner, and we shall take pleasure in forwarding you copies of new inserts as they are issued.



FROM A THEATRE PROGRAM ADVERTISEMENT

This institution also gave away a handsome engagement memorandum pad for 1913, which we consider a long-lived advertisement.

The Union Trust Company of Chicago, with its January statement, sent a letter as follows:

To the Patrons and Friends of the Union Trust Company:

It has been our annual custom to express to you our earnest appreciation of your good will, evidenced by the maintenance of your own banking relations with us and also by your aid in recommending us to your friends. This is a very pleasurable duty and we are glad to express our thanks once more.

During the last ten years, that is, from January 1st, 1903, to the present time the deposits of this bank have increased 254.4 per cent., and in fact there are only three other down town banks organized ten years ago or more who have shown as rapid a growth. This showing is more noteworthy on account of the fact that the growth referred to has been made without consolidation or absorption of other banks. The business acquired has been of a very substantial class, we believe, and has been principally that of merchants, manufacturers, corporations, individuals and banks.

I am pleased to state that our Stockholders have re-elected the old Board of Directors, and have made one addition—Mr. Edward M. Hagar, President Universal Portland Cement Company. Mr. Hagar's judgment and experience will be valuable to the Bank.

During the latter part of the year the Savings Department and Woman's Department have become established in their new quarters and are now able to give their patrons, who number over 19,000, much quicker service in more pleasant surroundings. Our Savings Department is the most conveniently located of any in the city, being on the ground floor, just one-half block from State and Madison Streets. Madison Street is probably the busiest east and west thoroughfare in the down town district.

Following our established policy we have

made further additions, amounting to $150,000.00, to Capital and Surplus account out of profits which inures to the increased safety of our depositors. The combined Capital and Surplus now amounts to $2,650,000.00.

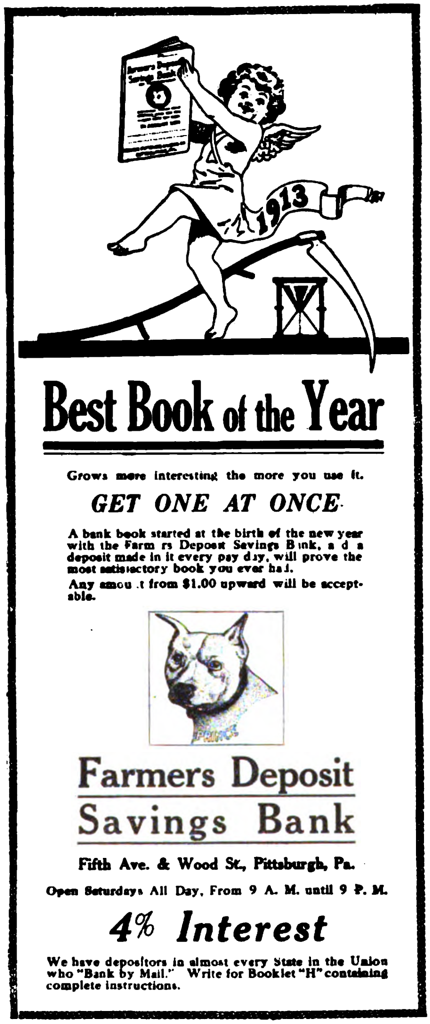
Wishing our friends a very satisfactory and pleasant New Year, I beg to remain,

Very truly yours,

F. H. RAWSON, Pres.

The American Trust and Banking Company of Chattanooga, Tenn., issues some effective booklets on its various functions and departments, among them "Banking and Young Men," "After You, What?" and "A New Year."

We are reproducing two half newspaper page bank advertisements this month—those of the Farmers Deposit Savings Bank of Pittsburgh and the Security Trust and Savings Bank, Los Angeles. They are of an entirely different style, but both good in their way. The Pittsburgh ad. is a lighter and more cheerful one, the spirit of it being typified by the joyful creature representing the New Year and by the



TWO KINDS OF HALF-PAGE ADVERTISEMENTS

dog "Prince," who looks as if he were ready for a fight or a frolic. The Los Angeles ad. about "Wills" is in a style befitting the dignity and importance of the subject and is so well set up that it is quite tempting to the reader. It would be interesting to hear from the trust company as to the results of this advertisement.

The average bank "write up" in the newspapers is prepared by some one in the bank, or it ought to be. We imagine this is the case with the following article which appeared in a Gouverneur, N. Y., weekly paper:

A STRONG INSTITUTION.

The latest report of the First National Bank, which appears on another page, is well worth the perusal of our readers. The growth of this institution in the last four years has been nothing less than phenomenal. The resources of the institution have doubled within that time. The loans and discounts have nearly tripled. The deposits have increased from three hundred and twenty-five thousand to nearly six hundred and twenty thousand. This makes indisputable their right to the title, "The Largest and Strongest Bank in Gouverneur."

More remarkable than this even is the growth of the Interest Department. This department, inaugurated last July, has apparently met a distinct need in the community, for, in this short period, more than two hundred books have been taken out totaling over seventy thousand dollars. This department offers every facility of any savings bank, a liberal rate of interest and absolute security to their depositors, protected, as they are, by the Capital Stock, Surplus Fund and Stockholder's liability of $320,000.

In their efforts to serve the public, this bank has recently installed private rooms for the use of customers in transacting private business. They have increased the size of their lobby, and have so arranged their banking quarters that the public can be served from three windows. The First National Bank is a strictly progressive institution, and that its policy of serving the public is appreciated is endorsed by its wonderful growth.

"Aladdin's Lamp" is the name on the cover of a very unusual booklet issued by the West Newton, Mass., Savings Bank. This is a very appropriate theme for a savings talk, but so far as we have observed, this is the first time that it has been used in this way. The gist of the message is found in this paragraph: "Dollars are the little genii that wait and serve. Saved up, they develop the most powerful of Modern Aladdins."

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and other changes.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Empire Trust Company, 65 Cedar St., New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.
The Franklin Society, 38 Park Row, New York.
C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C
W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.
John R. Hill, Barnett National Bank, Jacksonville, Fla.
W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.
C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.
Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.
E. A. Hatton, cashier, First National Bank, Del Rio, Texas.
A. A. Ekirch, secretary, North Side Savings Bank, New York City.
E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.
C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.
C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.
T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.
W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.
A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.
E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.
Charles S. Marvel, The First-Second National Bank, Akron, Ohio.
Farmers & Mechanics Trust Company, West Chester, Pa.
Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.
C. W. Beerbower, National Exchange Bank, Roanoke, Va.
B. P. Gooden, adv. mgr., New Netherland Bank, New York.
J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.
W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.
E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.
E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.
W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.
C. E. Auracher, The Bank Advertiser, Cedar Rapids, Iowa.
Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.
Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.
B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.
Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.
Germantown Ave. Bank, Philadelphia, Pa.
J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.
Union Trust Co. of the D. C., Washington, D. C.
E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.
Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.
J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.
R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.
A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.
Dexter Horton National Bank, Seattle, Wash.
Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.
Frank K. Houston, Asst. Cashier, Third National Bank, St. Louis, Mo.
L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.
Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

A CANADIAN BANK EMBLEM

H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
W. M. Kreim, Publicity Dept., Security Trust & Savings Bank, Los Angeles, Cal.
C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
J. C. Ebersprácher, assistant cashier, First National Bank, Shelbyville, Ill.
F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

Bank Books for the Babies

DESIRING to conserve the natural resources of the country and to prevent the destruction of the human race, and incidentally to increase deposits, the directors of a New England savings bank have decided to present to each child born in the town limits a bank book with one dollar credited to the new arrival.

Postal Banks in Porto Rico

ON February 8 the postal savings system was extended to Porto Rico by the Postmaster-General, who established sixteen offices of the Presidential grade. These are the first offices to be designated as depositories outside of the United States.

No Chance for a Mistake

"I HAVEN'T found the change of date from 12 to 13 has bothered me any when signing checks."

"Indeed!"

"No. I haven't had any money in the bank."—Cleveland Plain Dealer.

FOREIGN BANKING AND FINANCE

European

BRITISH BANKING.

SOME interesting facts relating to this topic are herewith reproduced from a late issue of "The Statist," London:

DECREASE IN NUMBER OF BANKS.

At the Institute of Bankers a fortnight ago Mr. D. Drummond Fraser read a paper on "Some Modern Phases of British Banking," which gives a good deal of instructive information. We begin with the decrease in the number of banks, though that is not the starting-point of Mr. Drummond Fraser. In 1896, he tells us, the number of banks in the United Kingdom was 227; but in this number were included 78 private banks whose figures were not ascertained. In 1911 there were only seventy-three banks which published balance sheets. There were, however, twenty which did not publish balance sheets, making ninety-three in all. Consequently, the total number of banks was reduced from 227 to ninety-three—a decrease of 134, or nearly sixty-one per cent. Of course, it is hardly necessary to remind the readers of "The Statist" that this diminution is due to the numerous amalgamations which occurred in the interval. While, however, there was such a shrinkage in the number of banks, we are told that the number of offices has increased. Therefore, banking accommodation is brought nearer to the population in general. It is interesting to see how the amalgamations have affected the capability of the banks to render the services to the community for which they are established, and Mr. Drummond Fraser, though, we venture to think, he begins at the wrong end, enables us by his figures to judge of this.

To begin with, he shows that in the ten years ended with 1911 the total note issues have increased from forty-nine millions in 1901 to fifty-four millions in 1911. That is an increase of five millions sterling, or 10.2 per cent. But the active circulation has increased only from twenty-eight millions to twenty-nine millions—that is, by a single million, or 3.6 per cent. Clearly, therefore, the use of notes is not becoming more common. On the contrary, if we bear in mind how immensely the wealth of the country has grown

in the ten years, how the volume of trade has expanded, and how large has been the production of gold, we shall be surprised to find that the actual note circulation—that is, the notes in the hands of the public—has increased only by a million sterling. Of course, this state of things is largely due to Sir Robert Peel's legislation, in England in particular, where he forbade the issue of notes of lesser denomination than £5. Largely, also, it is due to the extraordinary ability of the bankers who established the joint-stock system of banking. They being practically prevented from issuing notes invented the system of cheques, and the cheque, as everybody knows, has usurped the position intended for the note. But it may be doubted whether the gradual disuse of notes is a matter to be much regretted.

Decrease of Banking Capital.

What is much more serious is that the paid-up capital of the banks has actually decreased during the past 20 years. In 1891 the paid-up capital amounted to £69,049,000. In 1901 it had fallen to £62,490,000. In 1911 it had somewhat recovered to £64,385,000. The original decrease was principally due to the amalgamations already referred to, while the recent partial recovery is the consequence of the calling up of new capital. The amalgamations, it will be observed, in and through themselves, were injurious to the banking system taken as a whole, since they brought about an actual decrease of the paid-up capital in the face of a trade that was growing by leaps and bounds. The decrease naturally has been greatest in England, where the average percentage of paid-up capital to liabilities for the five years ended with 1901 was 6.9 per cent., and for the five years ended with 1911 was only 5.8 per cent. In Scotland the percentage in the earlier period was 7.0 per cent.; in the latter, 6.6 per cent. In Ireland it was 10.9 per cent. in the earlier period and 9.1 per cent. in the later. For the whole United Kingdom the average percentage in the earlier period was 7.2 per cent., and in the later period only 6.1 per cent. This is a serious state of things which ought to be remedied without delay. As long as everything goes smoothly, as confidence is strong, and the public is in an optimistic mood, there is no danger. But if there were to be a great European war it would be different. The directors and managers of our banks should bear carefully in mind that we have never been engaged in a really first-class war since our modern banking system came into existence. They should also remember that when last we were engaged in a war in which our existence was endangered specie payments had to be suspended.

It is a natural consequence of what has gone before that there is likewise a decrease in the percentage of the callable and reserve capital to the liabilities. The average percentage for the five years ended with 1901 was 27.5 per cent.; in the five years ended with 1911 it had fallen to 24.4 per cent. It will be seen that in this respect also the amalgamations have been injurious. It may well be questioned whether a large callable capital is advisable from any point of view. Parliament years ago was obliged to step in to limit the amount of callable capital. It did not venture, however, to act drastically at the time. But the directors and managers of our banks should carefully consider whether they should not themselves call up a portion of the callable capital, so as to make it manifest to everybody that they are strong. And this seems all the more advisable since the visible reserves likewise have decreased. As we shall see immediately, Mr. Drummond Fraser is of opinion that there has been a satisfactory increase in the gold held. But the public has to take that upon trust. No bank shows how much gold it holds, and, therefore, there is no positive evidence that the secret reserves are as large as is suggested or consist of much gold. We venture to think that it would be wise on the part of the banks not merely to accu-

mulate independent gold reserves, but to show to all the world that they have done so.

Comparative Decrease in Bills and Advances.

Perhaps, however, the public was less prepared for another fact which Mr. Drummond Fraser brings out than for those just referred to—namely, that there likewise has been a decrease in the percentage of bills discounted and advances made to customers compared with the deposits. Thus, for the five years ended with 1901 the average percentage of discounts and loans compared with the deposits was 67.3 per cent. For the five years ended with 1911 the percentage had fallen to 65.2 per cent. In other words, in spite of the unprecedented growth of trade, of wealth and of population the deposits grew much more rapidly than the discounts and loans taken together. Or to put the matter in a different way, the banks rendered a smaller service to trade in the later five years than in the earlier. How is this fact to be accounted for? Is it, as many observers maintain, a consequence of the vast amalgamations that have recently taken place? Have they resulted in the withdrawal of banking capital from the provinces, its accumulation in London, and its employment to too large an extent in foreign countries? Or is it a consequence not so much of the amalgamations as of the way in which they were carried out, resulting in a decrease in the paid-up capital? Or is it an outcome of a change in banking opinion? Do the directors and managers of banks of the present day think that too much banking capital was formerly employed in financing trade, and that it is safer and upon the whole more beneficial to invest than either to lend or to discount? The matter in any case is one which we would commend to the consideration of the Chancellor of the Exchequer. And Mr. Drummond Fraser would render a great service if he

would follow up his paper with another showing how it has come about that in the greatest trading, manufacturing and shipping country in the world, whose trading, manufacturing and shipping are growing at an unprecedented rate, we find our great banks giving less accommodation to all those great interests than was given by their predecessors fifteen years ago.

Increase in Other Items.

In contradistinction to the downward movement in so many departments of banking business, Mr. Drummond Fraser shows that there has been an increase in the percentage borne to the deposits by the cash on hand, Bank of England balances, and money at call and short notice. Thus, in 1901, it was 24.5 per cent. on the average for the five preceding years, and in 1911 as high as 27.3 per cent. This is a movement in the right direction, but Mr. Drummond Fraser does not show how much of the cash on hand is represented by the notes of the Bank of England. To whatever extent it is so represented it is cash which depends for its validity upon the gold held by the Bank of England. It is not real cash belonging to the banks. What they hold is only representative of the gold in the Bank of England. Furthermore, the question arises, whether, if there were to be a sudden outbreak of a great war, or any similar catastrophe, it would be possible to get in the money at call and short notice, except, indeed, the Bank of England were to undertake to supply the means to all the borrowers? In this case, again, the showing in which an increase has taken place is an increase dependent upon the Bank of England. What is desirable to show is that the banks have an independent bona fide reserve which could be made use of in an emergency. And from this point of view also Mr. Drummond Fraser's paper is reassuring. According to the Royal Mint Census the gold coin held by the banks, including the Bank of England, was, in June, 1907, £33,296,802. In June, 1911, it had risen to £54,009,977, an increase of £20,713,175, or 62.2 per cent. Upon this Mr. Drummond Fraser observes: "I assume one may allocate £2,000,000 for the eight years between 1896 and 1904, giving a total increase, for fifteen years, of gold coin held by the banks, including the Bank of England, of £25,000,000. There is no reason to believe that the Bank of England has increased its stock of gold coin, although we have seen an average increase of £3,000,000 of gold in the Issue Department and an average reduction of £1,000,000 of gold and silver in the Banking Department. It is, therefore, a fair assumption that the joint-stock banks, during the fifteen years, have increased their stock of gold by not less than £25,000,000."

LONDON JOINT STOCK BANKS.

REMARKS made at recent half-yearly meetings of shareholders of several important London banks indicate the course of banking affairs in the United Kingdom during the past year.

Lord Denbigh, presiding over the annual meeting of the London Joint Stock Bank, said that the past year was one of the most satisfactory years for bankers that had been enjoyed for some time. There was only one depressing and disappointing feature to bring before the notice of the meeting, and that was the continued depreciation of first-class securities, which had again obliged them to utilize no less than £120,000 of their profit for the purpose of providing for the inroad made in the value of their securities. Looking back for the past twelve years their bank had had now to write off nearly £750,000 owing to the steady and constant shrinkage in the value of their investments. Last year the chairman pointed out that, owing to this continued wastage, they had been more and more selecting those securities which had a comparatively early date of maturity, and a very considerable proportion of their securities were now in investments of that description. They were, there-

fore, able to bear in mind that they would by waiting be able to recover a certain amount of the loss they had had to face, but whether or when they would be able to look for a recovery in the national securities, which had no due date, was a matter upon which he would prefer to leave prophecy to others.

Presiding over the annual meeting of Parr's Bank, Cecil F. Parr observed that in spite of the great and manifold disturbances caused by the railway and dock strikes, the tide of trade and commerce swept forward up to the end of the past year in ever-increasing volume. As an illustration of the progress shown, the figures of the turnover of the Bankers' Clearing-House might be cited; they exhibited an increase of over £1,347,000,000, and their bank had had its full share of the increase of business thus indicated. The flow of trade generally showed no sign of slackening; rather there was promise in many quarters of even greater activity.

H. Tylston Hodgson, presiding at the meeting of the London and South-Western Bank, said that the accounts showed an advance in all material points upon any previous statement. In the past year industrial strife at home and international struggles abroad had been sources of deep concern, and they must all feel that the way the trade of the country had survived these disadvantages was a striking tribute to the national character and to the stability of British business methods.

Sir John Purcell, presiding over the annual meeting of the National Bank, alluded to the considerable fluctuations in the past half-year in the political, the monetary and the economic situations which in a more or less degree had [illegible] no little bearing on the business [illegible] banker. The material interests of their bank were intimately bound up with agricultural Ireland. Their main dependence was on the land and upon the well-being and the prosperity of the farmers who worked it. During the course of the half-year there came upon the country a deplorable outbreak of foot and mouth disease, a scourge from which Ireland had been immune for some thirty years. It involved the whole agricultural community—farmers, breeders and dealers—in serious difficulty and loss. The half-year in relation to so-called gilt-edged securities had been a rather gloomy one in that there had been some further depreciation and considerable fluctuations in prices. The war in the East no doubt in some measure contributed to the depressed condition of prices, and, of course, other well-known and frequently cited factors had continued to influence the situation; but, in his opinion the root cause of the existing trouble lay in the all-round want of confidence, engendered in no small measure, as he believed, by the financial methods of the Chancellor of the Exchequer. He was, nevertheless, persuaded that at no distant date there would be a substantial recovery in the market value of consols and other British Government stocks.

LONDON CITY AND MIDLAND BANK.

THE annual general meeting of shareholders of the London City and Midland Bank was held at the Cannon Street Hotel, London, E. C., January 24, Sir Edward Holden, Bart., chairman of the board of directors, presiding. His address to the shareholders was a very careful review of world-wide business and financial conditions. He stated that for the year the earnings

of the bank permitted the payment of dividend, including income tax, of an amount equal to nineteen per cent. on capital.

Speaking with regard to the relation of the discount rate to cotton bills, Sir Edward Holden said:

"When cotton is shipped from America to England, bills are drawn on London. When cotton is shipped to Germany, France or Italy, then some bills are drawn on London and other bills are drawn on those countries. It was to protect our gold reserve from the cotton bills drawn on London that our bank rate was raised to five per cent.; it was to protect the German bank's gold reserve from the bills drawn on Germany that its rate was raised to six per cent.; and to some extent the bills drawn on France had an effect on the French rate when it was raised to four per cent.

"When a discrimination is made against the American bills drawn in respect to cotton to be manufactured in this country, the increased rate of discount increases the cost of the cotton, that is, when a merchant in England purchases his cotton in America, the seller of the cotton draws and negotiates the bill on London for the account of the English merchant, the exchange rate being based on the discount rate in London. If the discount rate be raised, then the net proceeds of the bill are smaller, and consequently do not purchase the same amount of cotton. Therefore, the raising of the rate against the English bills means an increased price for the cotton to the merchant. In the case of bills drawn on Germany in German currency, such bills were discounted in Germany, but the proceeds were required by the American banks in London; therefore, the German banks last year had to find the resources for these bills sooner than if the bills had been drawn on London, and it was largely due to the bringing of these resources from Berlin to London that the German bank rate was raised to six per cent. We see from these transactions that the higher the discount rate, the higher will be the cost of the produce financed by the bill. Consequently, although a high rate is advantageous to the financier, it is disadvantageous to the consumer."

BANK ABSORBED.

THE German Bank of London, Ltd., has taken over the business of the old established firm of Dennistoun, Cross & Co., who have decided to retire.

In connection with this arrangement the capital of the German Bank of London, Ltd., will be raised from £400,000 to £600,000, sterling, paid in. It is also proposed to change the name of the German Bank of London, Ltd., to that of the London and Liverpool Bank of Commerce, Ltd., which will more closely correspond with the business of the bank.

Dennistoun, Cross & Co., one of the oldest of the large commercial firms in the United Kingdom, was started in Glasgow in 1790 and established in London in 1855.

The Bank of New York, N. B. A., which has been the representative of the German Bank of London, Ltd., will continue to act as agent and attorney in the United States for the London and Liverpool Bank of Commerce, Ltd.

GROWTH IN DEPOSITS OF THE LONDON CLEARING BANKS.

FOLLOWING is attached a table showing the growth of the business of the clearing banks during the past year, from which it will be seen that the deposits have increased from £612,546,000 to £629,840,000, or, probably, if Robarts' figures were available, £634,000,000. This improvement of £21,500,000 is more than eaten up by the growth of about £26,000,000 in advances and discounts, which now total about £400,000,000. These figures show very strikingly the improvement in the trade of the country and are all the more impressive when it is remembered that for the past year they are almost entirely due to a real growth in the business of the banks in question, amal-

gamations being on this occasion quite unimportant:

Bank.	1911 Current and deposit accounts.	1911 Loans and discounts.
Barclay & Co....	£55,677,434	£30,969,354
Cap. & Cnties....	39,059,421	22,512,566
Glyn	17,035,207	7,563,018
City & Mid.......	77,707,785	51,318,124
Cnty. & West.....	80,990,188	54,088,188
Joint	34,391,745	19,170,434
Lloyds	84,221,528	57,110,494
Lon. & Prov......	17,459,928	10,691,362
Lon. & S. W.....	18,092,603	10,912,550
Martins	3,288,401	1,681,465
Metropolitan	10,663,230	6,882,871
National	13,573,887	9,655,579
Nat. Prov........	62,891,547	36,195,417
Parrs	38,824,756	22,267,917
Robarts	4,130,849	1,753,611
Union	39,423,034	22,141,098
Williams	15,055,199	9,865,922
Total	£612,546,542	£374,785,970

Bank.	1912 Current and deposit accounts.	1912 Loans and discounts.
Barclay & Co....	£57,030,573	£33,326,732
Cap. & Cnties....	38,928,004	22,654,073
Glyn	16,021,740	8,329,422
City & Mid......	83,664,326	56,902,515
Cnty. & West....	81,695,023	59,901,685
Joint	33,829,026	19,912,971
Lloyds	89,396,993	59,828,797
Lon. & Prov.....	18,321,697	11,280,590
Lon. & S. W.....	19,709,638	11,969,494
Martins	3,022,013	1,605,839
Metropolitan	10,892,831	7,217,398
National	13,689,728	9,849,701
Nat. Prov........	65,660,219	38,166,831
Parrs	41,684,688	24,367,611
Robarts	—Not yet	available—
Union	39,900,047	23,646,725
Williams	16,393,581	10,415,906
Total	£629,840,123	£399,376,200

BANK OF FRANCE AS AN INVESTMENT.

THE dividend of the Bank of France for 1912, writes the "Messager de Paris," has been fixed at 160 francs per 1,000-franc share. The highest and lowest prices for its stock last year were 4,720 and 4,095 francs respectively. The present market price is slightly above 4,600 francs, the dividend coupon of December detached. The 1912 dividend was 20 francs higher than in 1911. This distribution of 160 francs may be regarded as a normal amount, more likely to be increased than decreased considering the general monetary situation and prospects of the near future. The high money rates and the probable retention of an official four per cent. for a long period in France will insure a sensible increase of the bank's profits.

GOLD RESERVES IN LONDON.

ADDRESSING the shareholders' annual meeting, Sir Felix Schuster, Governor of the Union of London and Smith's Bank, said that generally with growing productiveness of the various countries from which Europe received her supplies of food and raw materials, the demand for gold might be expected to show continuous expansion. For this the increased production of gold might

be expected to be sufficient, but not more than sufficient.

In this connection, said Sir Felix, it would appear necessary that the gold reserves in the various monetary centres should be strengthened if sudden demands were to be met without undue strain or pressure. A speech recently made by the president of the Imperial Bank of Germany, describing the bank's gold reserve as insufficient, deserved special attention.

It would, said Sir Felix, be of importance to consider whether in Great Britain, also, the strengthening of the gold reserve might not be necessary, not only in case of political difficulties and dangers, but mainly in view of the constantly increasing commercial developments among all civilized nations. That the banks should coöperate with the Bank of England and that the burden should not fall on the latter alone in the general strengthening of the gold reserve was an opinion he had long held and expressed.

Australasian

THE BANK OF NEW SOUTH WALES.

COMMENTING on the increase of capital of the Bank of New South Wales, prior to such increase being effected, "The Review" of Melbourne and Sydney, said:

"By the issue of 25,000 shares of £20 each the Bank of New South Wales is adding half a million to its paid-up capital, and, notwithstanding the present tightness of the money markets, the announcement has met with a very cordial reception on the part of shareholders. It would indeed be strange were it otherwise, for the bank is issuing the shares at par, and giving present shareholders the option of taking each his due proportion of the whole. The shares being increased by a sixth, each shareholder will be able to take one share for every six held by him on December 2nd. As the shares are well worth double their face value, the option means a Christmas box for the shareholders equal to £3 6s. 8d. per share of their holdings to-day. Yet the object of the directors in thus increasing the capital of the bank is of far greater importance than the mere giving of a handsome bonus to the shareholders. Strong as this great bank undoubtedly is, even without this increase, the general manager and his directors are desirous of having it stronger still. In accordance with the act of incorporation, the reserve liability equals the capital, so this increase from £3,000,000 to £3,500,000 means a rise from six millions to seven millions in the real capital of the bank. Then, there is the reserve fund, which has just been augmented by the sum of £65,000, making it £2,150,000, and this is enhanced by the balance at credit of profit

and loss, say, £85,000, so it is evident that even the visible strength of the Bank of New South Wales, over and above all liabilities to the public, runs well into the tenth million. If even a moderate allowance be made for the inner reserves, the particular care of the general manager, it may be shrewdly guessed that our oldest and greatest bank protects its clients with a shield exceeding ten millions strong.

"In thus strengthening itself during a period of financial pressure, the Bank of New South Wales has not only earned the renewed confidence of its own clients. It has done much more than this, for it has earned the gratitude of the mercantile community, by showing its confidence in the financial condition of the Commonwealth. In enabling the bank to give further assistance to its safe clients at a time when wise assistance is most valuable, Mr. Russell French and his directors have taken a step the effect of which will be both beneficial and widespread.

"The increase of capital of the Bank of New South Wales is a step that must command the approval of all sound financiers. The ability of the bank to pay a reasonable rate of interest to its proprietors is undoubted, and the determination of the directors not to pay more than a reasonable rate proves the sterling character of the men in charge of the institution."

Tables herewith show the position of the Bank of New South Wales on the dates named:

	Sept. 30, 1911.	Sept. 30, 1912.
Notes in circulation..	£442,798	£289,595
Deposits	34,324,462	34,614,799
Bills payable, etc.....	4,805,148	5,476,953
Reserve fund........	2,025,000	2,150,000
Cash and liquid assets	18,158,963	18,123,220
Including Commonw'h notes	1,342,582	1,185,636
Including Government securities	3,550,256	3,315,273
Including municipal securities	188,264	286,889
Including bills receivable in London and remittances in transit	2,980,099	3,248,405
Advances	25,904,113	26,842,965
Bank premises.......	765,000	800,000
Net profits for half year	222,043	214,023
Balance carried forward	80,701	84,839
Dividend 10 per cent.	150,000	150,000
Capital paid up.....	3,000,000	3,000,000
Total assets.........	45,586,962	47,002,660

OPENING OF THE COMMONWEALTH BANK.

THE Commonwealth Bank opened its head office at Sydney, N. S. W., in the presence of the general managers of the principal banks and a large number of the public. The first deposit, that of the Federal Government, was nearly £600,000; the first private deposit was made by the Bank of North Queensland.

Mr. Denison Miller, the Governor, in his opening speech, said:

"The bank has been started without capital, since none is at present re-

quired, but is backed by the whole wealth and credit of the Commonwealth, and is being launched under propitious circumstances. Success depends upon Australia's continued prosperity and on the support of the people, whose bank it is, and in whose interests no effort will be spared to make this national institution strong to maintain financial equilibrium on safe lines."

A branch of the Commonwealth Bank of Australia has been opened at 36 and 38 New Broad street, E. C., London, for the transaction of all usual banking business. The bank's London bankers are the Bank of England and Messrs. Barclay and Company.

BANK OF NORTH QUEENSLAND.

AT the forty-ninth ordinary general meeting of shareholders of the Bank of North Queensland, Ltd., held in the banking-house, Brisbane, January 17, the report of the directors showed earnings, including the balance of £1,205 10s. 9d. brought forward from last year, of £8,806 10s. 5d. After paying a dividend for the half year at the rate of six per cent. per annum £4,614 was carried forward to the next half year.

MARRIAGE OF BANK OFFICERS.

QUESTIONS were propounded recently in the Commonwealth Parliament respecting the alleged existence of a rule in certain of the Australian banks prohibiting employees from marrying unless they were in receipt of a salary of not less than £200 a year, also as to whether there were clerks in any of the banks who had been in employment for twenty years or more and who were not receiving the sum named. It developed that few banks had such a rule, and only in a trifling number of instances was it found that clerks had worked for twenty years and failed to advance their income above £1,000.

BANK OF NEW ZEALAND.

FINDING considerable demands for enlarged credit accommodations, the Bank of New Zealand contemplates making application to Parliament for authority to increase its capital from time to time.

AUSTRALIAN BANK OF COMMERCE.

AN enlargement and rearrangement of the banking rooms of this bank's head office at Sydney will greatly add to its facilities for the convenient transaction of business. These improvements were really demanded by the more than ordinarily rapid growth of the bank of late.

BANK OF AUSTRALASIA.

AS shown by the report to the shareholders on October 3 the net profit of the above-named bank for the preceding half-year was £208,170, which with the amount brought forward from the previous half-year made a total of £224,244. After meeting dividend requirements £50,000 was allocated to the rest account, £20,000 to reduction in cost of bank premises, and £18,244 was carried forward. The balance sheet of the bank about a year ago showed total resources, £25,008,659.

THE COMMONWEALTH BANK.

APPREHENSIONS regarding the effect this new Government institution might have on the other banks seem to have been removed by the appointment of Mr. Denison Miller as Governor of the Commonwealth Bank. Mr. Miller was formerly chief inspector

of the Bank of New South Wales, and the estimation in which he is held among bankers appears from the following quotation from a recent number of "The Review" of Sydney and Melbourne:

"A year ago, when reviewing the report and balance sheet of Australia's oldest and greatest bank, we wrote with some feeling of bitterness about the ingratitude of labor in using its recently-acquired numerical power to take up arms against the banking institutions of Australia, in full view of the undoubted claims of those institutions to the lasting gratitude of the people in their corporate as well as in their individual capacity.

"We do not, of course, pretend that the banks of this Commonwealth are of have been 'benevolent institutions' in the restricted sense of that term, yet it is absolutely true that they have been conducted in a spirit of benevolence—a spirit of 'good will' to all classes without exception. And it is equally true that they have been conducted with ability and capacity that has been nowhere excelled. This, at least, has been acknowledged by the promoters of the Commonwealth Bank, for, with commendable prudence, they have appointed as Governor a gentleman whose banking career is wholly Australian and who, in a special sense, had become a master in his profession under the guidance of and in intimate association with the president of the Institute of Bankers of New South Wales, Mr. Russell French, the illustrious general manager of Australia's first and largest bank. In making this appointment, and particularly in giving the appointee unfettered control for a period of at least seven years, the Commonwealth Government, it must be admitted, has done all it could to atone for what we must still consider its unnecessary step into the arena of Australian banking.

"The appointment of Mr. Denison Miller to the position of supreme control may be taken as a guarantee that while the promoters of the Commonwealth Bank are desirous of its being conducted for the benefit of the people as a whole, they have no wish that the innovation should be a menace to the continued prosperity of the institutions that have all along so capably and honestly conducted the country's banking operations. When we consider what a hopeless state of financial affairs might have been created by less wise action on the part of the party responsible for the creation of the Commonwealth Bank, we rejoice that there is now no need to shudder, and we take it as a high compliment to Australian bankers as a class that such confidence

should be reposed in one selected from among them.

"Banking and insurance are branches of mercantile life in which unwise competition must ever be productive of widespread disaster to all classes. We are glad to know, therefore, that the policy of the Commonwealth Bank will be dictated by wisdom, and that the benefit of the country as a whole will be the object sought."

Latin America

ARGENTINE NOTES.

THE French banking institution, Comptoir Foncier Franco Argentino, has been authorized by the Government to establish a branch office in Buenos Ayres.

The finance minister has issued a decree approving of the arrangement made by the Banco de la Nacion and the greater number of the banks situated in the Federal Capital for the creation of a bankers' clearing-house to be installed on the premises of the Banco de la Nacion. The following banks have entered into the agreement: Banco de la Nacion Argentina, Aleman Transatlantico, Anglo-South American, British of South America, Comercio, Spanish, French, Francés and Italiano, Germanico, Italia, London and River Plate, London and Brazil, Nuevo Banco Italiano, Popular Argentino, Provincia de Buenos Ayres.

NEW EUROPEAN BANK IN URUGUAY.

THE Brazileño-Italo-Belgo Bank opened a branch in Montevideo on January 1. The head office of the bank, founded in January, 1911, is located in Antwerp, and exists as the result of the consolidation of La Société Général de Belgique, El Credito Italiano, and La Banque de l'Union Anvernoise. The capital stock is given as 20,000,000 francs ($3,860,000), and, through the appointment to the local board of men of excellent standing, the prosperous future of the branch would seem assured.

CUBA.

DESIRING to make a round-the-world tour, and to rest from active business for some time, Mr. Edmund G. Vaughan declined reëlection as president of the National Bank of Cuba, Havana.

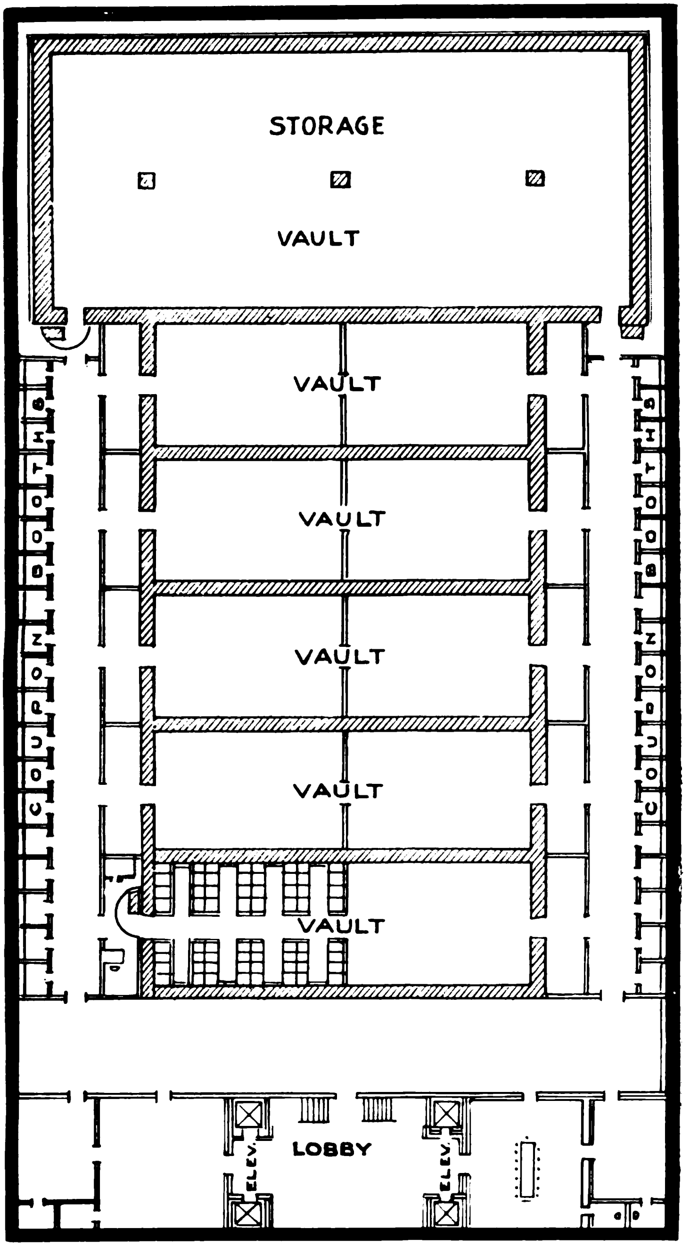
When Mr. Vaughan became president of the bank in 1904, deposits were $6,000,000 and loans $2,500,000. He leaves the bank with deposits increased to $27,000,000 and loans $18,000,000.

In addition to this successful record in the management of the bank, Mr. Vaughan has been prominently associated with other large enterprises in Cuba. While leaving that country for the time being, he does not intend withdrawing his Cuban investments, but will rather add to them.

PROPOSED EQUITABLE PARK, NEW YORK CITY

[*From a photograph of a drawing by Thomas Bruce Boyd.*]

SOME objections having arisen in regard to the construction of a huge skyscraper on the site of the Equitable Building, New York City, on the ground that a building of this character would greatly obstruct the light and air of the surrounding banks and offices, a plan for a city park at this point has been prepared by Thomas Bruce Boyd, the well-known bank architect. Mr. Boyd's suggestions include safe-deposit vaults underground, as illustrated. The low monumental building in the foreground could be used by the Government as the Assay Office, which is now situated on Wall Street. The present location of this building is valuable, and could be disposed of for a large amount and help offset the cost of the proposed purchase of the Equitable site.



PLAN FOR SAFE DEPOSIT VAULTS UNDERNEATH PROPOSED EQUITABLE PARK, NEW YORK CITY

(*From a drawing by Thomas Bruce Boyd.*)

The illustration shows a plan for the safe-deposit vaults which it is suggested could be constructed underground, lighted and ventilated from above and made thoroughly fire and burglar-proof. It is pointed out that the rental from these vaults would give the city a substantial income, which would help to meet the interest on the purchase price of the land.

BANKING AND FINANCIAL NOTES

EASTERN STATES

New York City

—A decision in two jointly considered cases which Wall Street brokers and bankers have been watching closely in their progress through the Federal courts was handed down February 10 by the United States Circuit Court of Appeals. The grave comment is made by the learned judges, after a general review of the methods of doing business in Wall Street, that in that particular neighborhood "it would not be possible to act like a farmer who holds the cow's tail in one hand until he gets payment for her in the other."

Under the terms of the decision, which for the first time goes fully into the legal status of a favorite Wall Street method of doing business, it is held that Wall Street banks have no lien whatever on securities purchased by brokers on "daily clearance loans," which are sums—often amounting to millions of dollars—advanced to brokerage houses at 10 a. m. without interest, but with a proviso that they must be repaid by 3 p. m., the hour for closing.

—New York Chapter, American Institute of Banking, at the annual dinner February 6, listened to an address by W. Morgan Shuster, in which he stated his belief that the big men of finance had it in their power to enforce world peace by refusing to finance future wars. There was a large attendance at the dinner and Mr. Shuster's statement that a mere technical acquaintance with banking was not sufficient to make a good banker, was applauded. Supreme Court Justice Crane of Brooklyn referred in his address to the advantage he had derived from a clerkship in the Nassau Bank, where he worked with Edward Earl, now president of that institution. President E. G. McWilliam of the New York Chapter presided.

—New York's plan for extending the zone of free check collections does not meet with the approval of many bankers in New York, New Jersey, Connecticut and Rhode Island. Representatives of the bankers associations of these States have declared against this plan and adopted resolutions favoring something like the out-of-town system of collecting checks in use at Boston.

—Carleton Bunce is now assistant to President Alvin W. Krech of the Equitable Trust Company.

—W. F. Koelsch, assistant secretary of the Guaranty Trust Company, has resigned to become cashier of the Public Bank.

—George B. Williams has been elected a vice-president of the Chelsea Exchange Bank, William A. Loeb, cashier, and George F. Ewald, assistant cashier, the latter succeeding to the place left vacant by Mr. Loeb's promotion. Prior to his appointment as cashier of this bank on June 1, 1912, Mr. Loeb was special deputy Superintendent of Banks.

—When the annual meeting of the shareholders of the Brooklyn Trust Company was held on February 10, the merger of the Long Island Loan and Trust Company with that company was completed, and the number of directors of the succeeding company increased to twenty-four. The assets and resources of the Brooklyn Trust Company since the merger make it the largest and strongest in Brooklyn and Long Island.

Its capital is $1,500,000, surplus $3,000,000, undivided profits over $700,000, and deposits over $25,600,000.

—Announcement was recently made of the election of Garrard Comly as vice-president of the Citizens Central National Bank of New York. Mr. Comly is a graduate of Yale, class of '93, and received his early bank training with the Lockwood National Bank of San Antonio, and the Fletcher National Bank of Indianapolis. For eight years he was vice-president of the Eliot National Bank of Boston, until the recent merger of that bank with the National Shawmut. He is a banker of ability and personality and his connection with this solid and well-known New York bank is a matter for mutual congratulation.

GARRARD COMLY

VICE-PRESIDENT CITIZENS CENTRAL NATIONAL BANK OF NEW YORK

—Byron W. Moser, president of the American Institute of Banking, was one of the speakers at the annual banquet of New York Chapter at the Hotel Astor February 6. Approximately a thousand New York Chapter men and their guests were present at this, the big social event of the season.

Mr. Moser, in the course of his address, referred enthusiastically to the prosperity which prevails in the Institute, many of the chapters of which he has visited during the past six months. He paid a handsome compliment to New York Chapter when he stated that the high educational standard which has obtained with that organization ever since it was founded has acted as a most stimulating and healthful incentive to all of the chapters of the country.

President Moser also spoke at the Boston Chapter banquet on February 10.

—Officers and representatives of about twenty-five banks in Westchester county, to the number of 200, attended the third annual dinner of the Westchester County Bankers Association held at Delmonico's February 8. Bradford Rhodes, president of

the First National Bank of Mamaroneck, presided and some of the guests were Bishop Luther B. Wilson of the Methodist Episcopal Church; C. A. Pugsley, president of the association; H. Van Zehn, vice-president; B. H. Carmer, secretary, and Col. Frederick E. Farnsworth, general secretary of the American Bankers Association; O. H. Cheney, president of the Pacific Bank of New York; Horace M. Kilborn, vice-president of the National City Bank; Congressman Benjamin I. Taylor, Samuel H. Miller, vice-president of the Chase National Bank; Charles E. Warren, of the Lincoln National Bank; Samuel Woolverton, vice-president of the Hanover National Bank, and Joseph A. Broderick, head of the credit bureau of the New York State Banking Department.

NEW ENGLAND STATES

—Charles G. Sanford succeeds Francis W. Marsh as president of the Bridgeport (Ct.) Trust Company. An increase of the capital of the company from $200,000 to $500,000 has been made and the surplus and profits from $125,000 to $285,000. The board of directors has been increased to fifteen members.

—James C. Otis, Deputy Bank Commissioner of Massachusetts and who has been connected with the Bank Commissioner's office continuously since 1885, resigned early in February to become assistant to the president of the Warren Institution for Savings, Boston.

—Probably as a result of the adjustment of some losses sustained through unfortunate investments, the Greenfield (Mass.) Savings Bank, which has been closed for some time, will resume business the latter part of the present month.

—John Harsen Rhoades, of the banking firm of Rhoades & Company, New York, addressed students of the Hallock School and a number of invited guests at Springfield, Mass., on the evening of February 5, speaking on the existing need for wider social service and in favor of coöperation among banks in the prevention of panics.

—Several years ago Arthur J. Birdseye and others obtained a charter for the Industrial Bank and Trust Company of Hartford, Ct. An organization committee is now at work to secure $100,000 capital and

$100,000 paid-in surplus, and it is reported that the projected company will soon be in a position to begin business.

—A record of sixty-one years of active banking service stands to the credit of William R. Greene of the Atlantic National Bank, Providence, R. I., making him the dean of the banking fraternity of that city. He entered the Weybosset Bank in 1852, and later was associated with other Providence banks until 1884, when he went to the Atlantic National. He worked through various positions to the cashiership, which office he retained until the reorganization of the bank, when he was given another place. Mr. Greene is about seventy-seven years of age, but is still active. He is prominent in Masonic circles.

—Henry Y. Stites has been elected assistant cashier of the Atlantic National Bank of Providence, R. I.

—On the occasion of the eighth anniversary of the Merchants National Bank of Worcester, Mass., February 6, an increase of $800,000 in total resources was reported as compared with the previous statement to the Comptroller of the Currency on November 26.

—The Board of Bank Incorporation recently voted to issue a certificate of organization to the Fidelity Trust Company, Boston, with a capital of $500,000.

—The following changes in the official staff of the Old Colony Trust Company of Boston have been announced: George W. Grant, cashier; Frederic G. Pousland, treasurer; Fred M. Lamson, manager Temple Place branch, and Stuart W. Webb, manager of the bond department, were made vice-presidents; L. D. Seaver, assistant cashier, was promoted to cashier; Wilbur W. Higgins, assistant treasurer, advanced to treasurer; A. Y. Mitchell, assistant cashier, made manager of Temple Place branch, and A. Howard Graves appointed assistant treasurer.

—Alfred L. Aiken, formerly president of the Worcester County Institution for Savings, has been elected president of the Worcester (Mass.) National Bank, to succeed the late James P. Hamilton. Mr. Aiken was very successful in his administration of the affairs of the savings bank, which is one of the largest institutions of its kind in New England, and was previous to his recent election a valued director of the national bank. The Worcester National was established in 1804 and has had but five presidents up to the time of Mr. Aiken's election.

ALFRED L. AIKEN

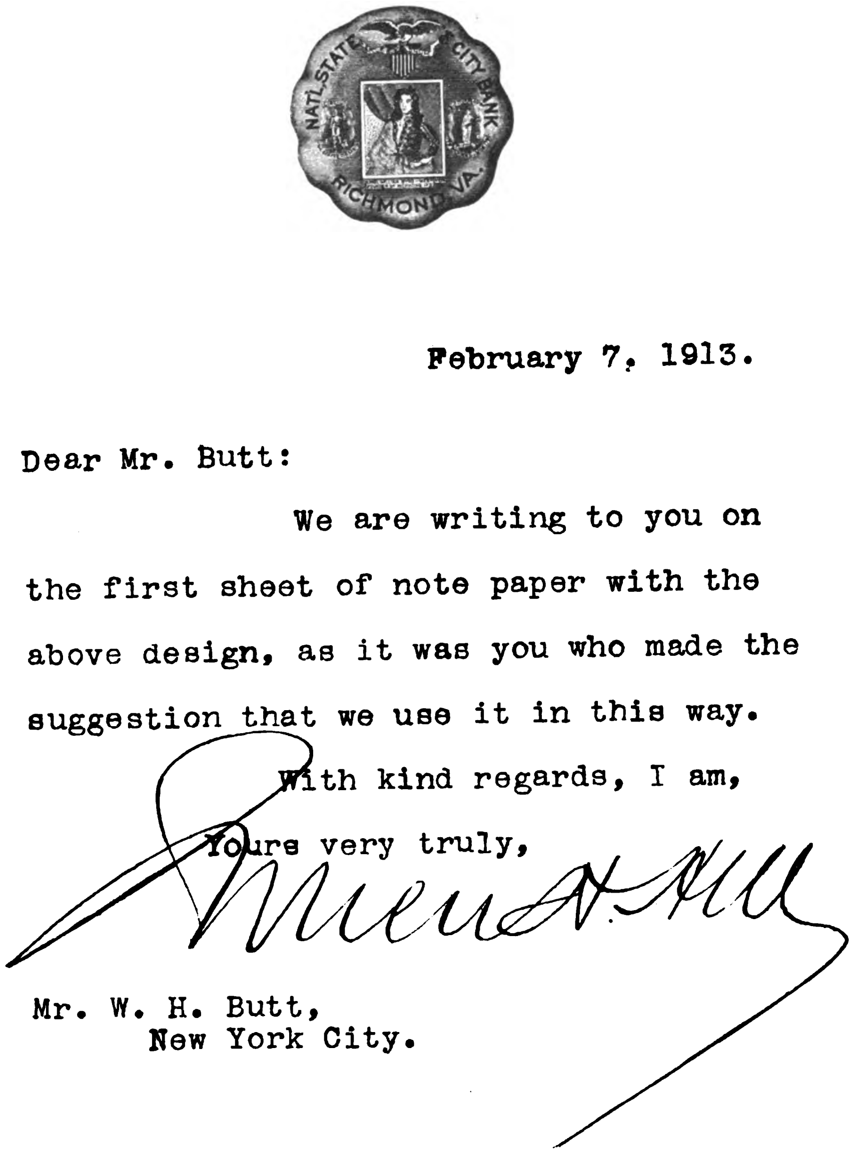
ELECTED PRESIDENT OF WORCESTER NATIONAL BANK

—On Lincoln's Birthday, February 12, the deposits of the Industrial Trust Company of Providence reached $47,000,000, high water mark for that institution.

—William F. Earle has been elected president of the Harvard Trust Company of Cambridge, Mass.

—Waldo F. Glidden has been elected treasurer of the American Trust Company of Boston, to succeed the late J. J. Oldfield.

—The new Industrial National Bank, which is about to begin business in Boston, will start with a capital of $500,000 and



February 7, 1913.

Dear Mr. Butt:

We are writing to you on the first sheet of note paper with the above design, as it was you who made the suggestion that we use it in this way.

With kind regards, I am,

Yours very truly,

Mr. W. H. Butt,
New York City.

A PARTICULARLY BEAUTIFUL AND EFFECTIVE BANK EMBLEM IN USE BY THE NATIONAL STATE AND CITY BANK, RICHMOND, VA.

surplus of $50,000. Charles D. Buckner, formerly of the Mutual National of Boston, will be cashier of the new institution.

—At the annual meeting of the Newton (Mass.) Trust Company Dwight Chester was re-elected president for the twentieth year.

—Recent changes in the National Shawmut Bank of Boston provided for the establishment of a vice-chairmanship of the board of directors and the election of a new cashier to succeed Frank H. Barbour, who has resigned after many years of active service. The official staff as at present constituted is as follows: James P. Stearns, chairman, and Francis B. Sears, vice-chairman, of the board; William A. Gaston, president; Harold Murdock, Harry L. Burrage, Charles A. Vialle, Abram T. Collier, Henry D. Forbes, vice-presidents; Benjamin

Joy, cashier; Henry F. Smith, Frank Houghton, Frank A. Newell, assistant cashiers; Horatio Newhall, secretary.

Theodore N. Vail, president of the American Telephone & Telegraph Company; Edwin F. Atkins, head of the American Sugar Refining Company; F. W. Estabrook, of the Estabrook-Anderson Shoe Company; Henry B. Sprague, and Harry L. Burrage were added to the directors. Messrs. Atkins, Burrage, Estabrook and Sprague were formerly directors of the Eliot Bank, and are placed on the Shawmut's board as a result of the Eliot being taken over by the latter institution.

—Harry V. Whipple has been made president of the Merchants National Bank of New Haven, succeeding H. C. Warren, who resigned that office in order to lay aside some of his official duties. Mr. Whipple came to the bank in 1889, became assistant cashier in 1903, cashier in 1906 and vice-president and director in 1911. He has been closely identified with the growth and prosperity of that institution in recent years. Mr. Warren remains with the bank as vice-president and Jay F. Stannard, formerly assistant cashier, has been promoted to the cashiership. Mr. Stannard came to the bank in 1895 and was made assistant cashier in 1912. The bank has recently moved into its handsome building at the corner of Chapel and State streets.

HARRY V. WHIPPLE
PRESIDENT MERCHANTS NATIONAL BANK, NEW HAVEN, CONN.

JAY F. STANNARD
CASHIER MERCHANTS NATIONAL BANK, NEW HAVEN, CONN.

—Leroy M. Craig has recently been elected assistant treasurer of the Marlboro (Mass.) Savings Bank. Mr. Craig until

recently occupied a similar position with the Farmers & Mechanics Savings Bank of South Framingham, Mass.

—At the adjourned annual meeting of the stockholders of the Phoenix National Bank of Hartford, Conn., on January 22, Cashier Leon P. Broadhurst was elected vice-president to succeed Joseph H. King and William B. Bassett, assistant cashier, was elected to the cashiership.

– The death of Edward S. Clark, senior vice-president of The Rhode Island Hospital Trust Company of Providence, was announced January 23. While Mr. Clark had not enjoyed good health for some time past, his death was a shock to his friends in and out of Providence. Mr. Clark began his banking career with the Merchants National Bank of Providence, but became associated with the Trust Company through the instrumentality of his lifelong friend, President H. J. Wells of the Trust Company, who was then secretary of that institution. Mr. Clark had been vice-president of the company since 1905.

EASTERN STATES

—In commemoration of the tenth anniversary of the German American Trust Company's existence, Paterson, N. J., Vice-President Robert H. Fordyce gave a dinner to the directors on the evening of February 4.

—The Moorestown (N. J.) Trust Company is a new institution which starts with $100,000 capital.

—At the eighteenth annual meeting of Group 3, Pennsylvania Bankers Association, held at Scranton February 6, Samuel McCracken, cashier of the Peoples National Bank of Wilkes-Barre, was elected president of the group.

—James H. Cahill, who has for many years been successfully engaged in the real estate business at Washington, D. C., became active vice-president of the Commercial National Bank of that city on February 1. He has been a director of the bank from the time of its organization.

—George S. Capelle, retiring president of the National Bank of Wilmington and Brandywine, Wilmington, Del., which was recently merged with the Wilmington Trust Company and the First National Bank, was the guest of honor at a banquet in the Hotel Du Pont, Wilmington, February 5. The banquet was given by the directors who have been associated with Mr. Capelle for many years and only the members of the board were present. As a token of their high esteem and regard for Mr. Capelle the board presented to him a handsome solid silver loving cup on which was engraved the signature of each director and an engraved history of the development of the bank since it was organized in 1810. The cup bears the following inscription:

Presented
to
George S. Capelle,
February 5, 1913,
by
the Directors of the National Bank of Wilmington and Brandywine.
C. Wesley Weldin, Alfred D. Warner, W. T. Lynam, Frank H. Thomas, Alfred D. Poole, Edmund Mitchell, C. M. Sheward, Samuel K. Smith, James T. Eliason, Martin Lane and Townsend W. Miller.

On the reverse side of the cup is this inscription:

The Bank of Wilmington and Brandywine.
From April, 1810 to May, 1855,
The National Bank of Wilmington and Brandywine.
From May, 1855, to November, 1912.
Liquidated, 1912.
George S. Capelle:
Director, August, 1868, to May, 12, 1912.
President, January, 1889 to November, 1912.

Mr. Capelle had been a director of the bank for more than forty-four years and had been its president for twenty-four years. During that time the institution has grown from a small bank to one of the largest and best known institutions in Wilmington.

Mr. Capelle remains with the Wilmington Trust Company as chairman of the board of directors.

—The directors of the National Bank of Western Pennsylvania, Pittsburgh, have adopted plans and awarded contracts for a remodelling of the handsome banking house of the institution, at the corner of

A. M. ALEXANDER, PRESIDENT.
W. G. MORGAN, VICE-PRESIDENT.

B. H. BLALOCK, CASHIER.
OLIVER BENTON, ASST. CASHIER.

THE SECURITY NATIONAL BANK

JACKSON, TENN.

February 21, 1913.

Mr. W.H. Butt Vice President,
Bankers Publishing Company,
New York, N.Y.

Dear Mr. Butt

I consider the Bankers Magazine such a valuable publication that I am going to subscribe for several members of our force. Please send the Bankers Magazine to the following persons for one year, and send the bill to me:

A.M. Alexander, Security National Bank, Jackson, Tenn.
Oliver Benton, " " " " "
R.L. Balch, " " " " "
Miss Minnie Lawrence, " " " "
Earl Williamson " " " " "

Yours very truly,

Cashier.

Ninth, or Anderson street, and Penn avenue. The plans are so complete and cover so much as to constitute practically a rebuilding that will make it one of the very handsomest in this city of fine bank buildings.

An extension will be added on Ninth Street, 36 by 60 feet, which will give needed room in depth, while an extension running from the banking room toward the middle of the block will be used for a fine new steel money and safe deposit vault, with a seven-foot circular door. It will be thoroughly equipped with safe deposit boxes and will be the only institution in the district having a safe deposit department.

The first floor will be used as the main banking room and will be 40 by 110 feet, arranged so that the quarters of the officers will be in the rear of the building. The second floor will be fitted up with a new directors' room and committee, or examiners' room, while the third and fourth floors will be occupied as dining rooms, toilet rooms, kitchen, and for other purposes. The building will be equipped with an electric elevator, pneumatic tubes, the best heating and ventilating systems, and will be thoroughly and handsomely redecorated. All the furniture will be of steel.

—E. W. Rieger, who has been actively associated with the Commonwealth Trust Company of Pittsburgh, became assistant trust officer a short time ago, the new office being rendered necessary by the growth of business in the trust department.

—E. W. Davenport, vice-president of the Fourth National Bank of New York, addressed a number of Newark, N. J., bank officials by invitation recently on the sub-

ject of "Credits." The Fourth National Bank has justly acquired a high reputation in regard to credit matters, due to the special attention given to this important branch of banking by President James G. Cannon. At the meeting which Mr. Davenport addressed Spencer S. Marsh, cashier of the North Ward National Bank of Newark, presided, and Rufus Keisler, Jr., treasurer of the Ironbound Trust Company, acted as secretary.

—Protests have been called forth from the New Jersey Savings Banks Association against the enactment of a proposed law in that State permitting national banks, State banks and trust companies located in towns and boroughs having no savings banks to use the word "Savings" in soliciting savings accounts. The association insists that if such a law is passed it should provide for the segregation of savings deposits and their investment in conformity with the law relating to savings bank investments.

—Bradford Rhodes, former publisher of THE BANKERS MAGAZINE, resigned the presidency of the Union Savings Bank of Mamaroneck, N. Y., recently after twenty-five years of service in that capacity. A complimentary dinner and a suitable testimonial were given Mr. Rhodes by the trustees of the bank, which under his presidency has had a successful history for the past quarter century.

—On February 5 the Southwark National Bank, Philadelphia, opened its new banking rooms at 610 and 612 South Second street, more than 1500 persons being present, including a number of the bankers of the city. In the evening a banquet was given, at which were present the officers, directors and clerks of the bank and several bankers representing the Southwark National's out-of-town correspondents.

SOUTHERN STATES

—Atlanta is to have a new million dollar trust company with one-quarter of that amount paid in to the surplus fund.

—An increase in capital from $100,000 to $200,000 is reported by the Macon (Ga.) Savings Bank.

—Some changes are reported in the officers of the First National Bank of Houston, Texas. Oscar Wells is a new vice-president; W. S. Cochran has been promoted from the position of cashier to the vice-presidency; F. E. Russell goes up from assistant cashier to cashier, while J. W. Hazard and H. B. Bringhurst are new assistant cashiers. E. L. Neville and Oscar Wells have been added to the board of directors.

—At the recent annual meeting of the shareholders of the First National Bank of Beaumont, Texas, W. S. Davidson resigned the presidency and John C. Ward was chosen as his successor, Colonel Davidson remaining a director of the bank.

JOHN C. WARD

PRESIDENT FIRST NATIONAL BANK, BEAUMONT, TEXAS

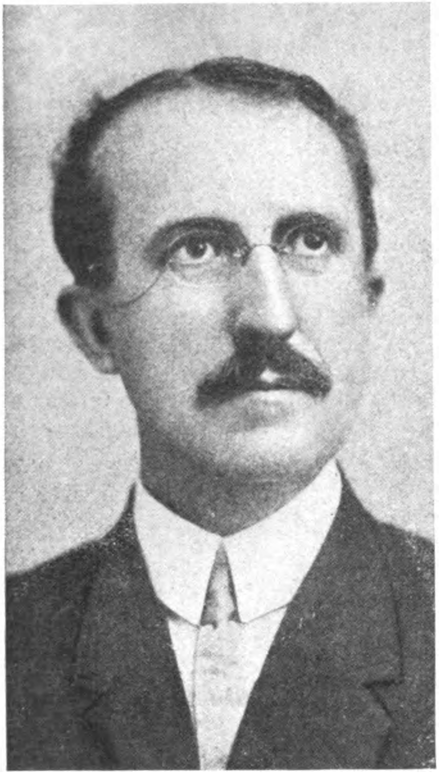
Mr. Ward has resided at Beaumont practically all his life and has been identified with large and successful enterprises there.

—The Second district Texas bankers' convention was held in Corpus Christi February 15. Agricultural topics formed an important part of the programme. Joseph F. Green of Gregory, manager of the famous Taft ranch, delivered an address on the value to the community and to the banks of modern demonstration methods on the farm and the use of silos.

Edwin Chamberlain of San Antonio discussed foreign banking methods, particularly the matter of farm credits.

H. R. Eldridge, president of the Texas Bankers' Association, who has just been called to the vice-presidency of the National City Bank, New York, spoke on "The Foundation of Credit." Discussion of the work of the Texas bankers' committee on agriculture was an interesting feature of the programme.

—J. C. Ottinger, who has been prominently connected with banking at Memphis, Tenn., has organized the Mississippi Valley Bank and Trust Company of that city, having associated with him a number of other bankers and men engaged in general



J. C. OTTINGER

PRESIDENT MISSISSIPPI VALLEY BANK AND TRUST COMPANY, MEMPHIS, TENN.

business. An offer of $250,000 stock of the new company was readily taken up, and it was decided to increase the capitalization to $300,000, which was subscribed at a premium yielding a surplus of $60,000.

—H. C. Rodes was elected president of the Louisville (Ky.) Clearing-House Association January 21, succeeding H. C. Walbeck. Mr. Rodes is president of the Citizens National Bank. Isham Bridges was reëlected manager for the twentieth time.

—The Old Dominion Trust Company has been organized at Richmond, Va., with $1,000,000 capital and $1,000,000 surplus. Its officers and directors are experienced banking men, the president being W. M. Habliston, chairman of the board of the First National Bank. Undoubtedly the new company will at once take rank as a prominent Southern financial institution.

—Nashville, Tenn., is to have another trust company—the Southern Bank and Trust Company, with an authorized capital of $100,000.

—The Executive Council of the American Institute of Banking has decided on September 17, 18 and 19 as the dates for the Eleventh Annual Convention, which will be held in Richmond Va. George H. Keesee, assistant cashier of the Merchants National Bank of Richmond, who is chairman of the convention committee, announces that plans are already under way for the entertainment of the delegates.

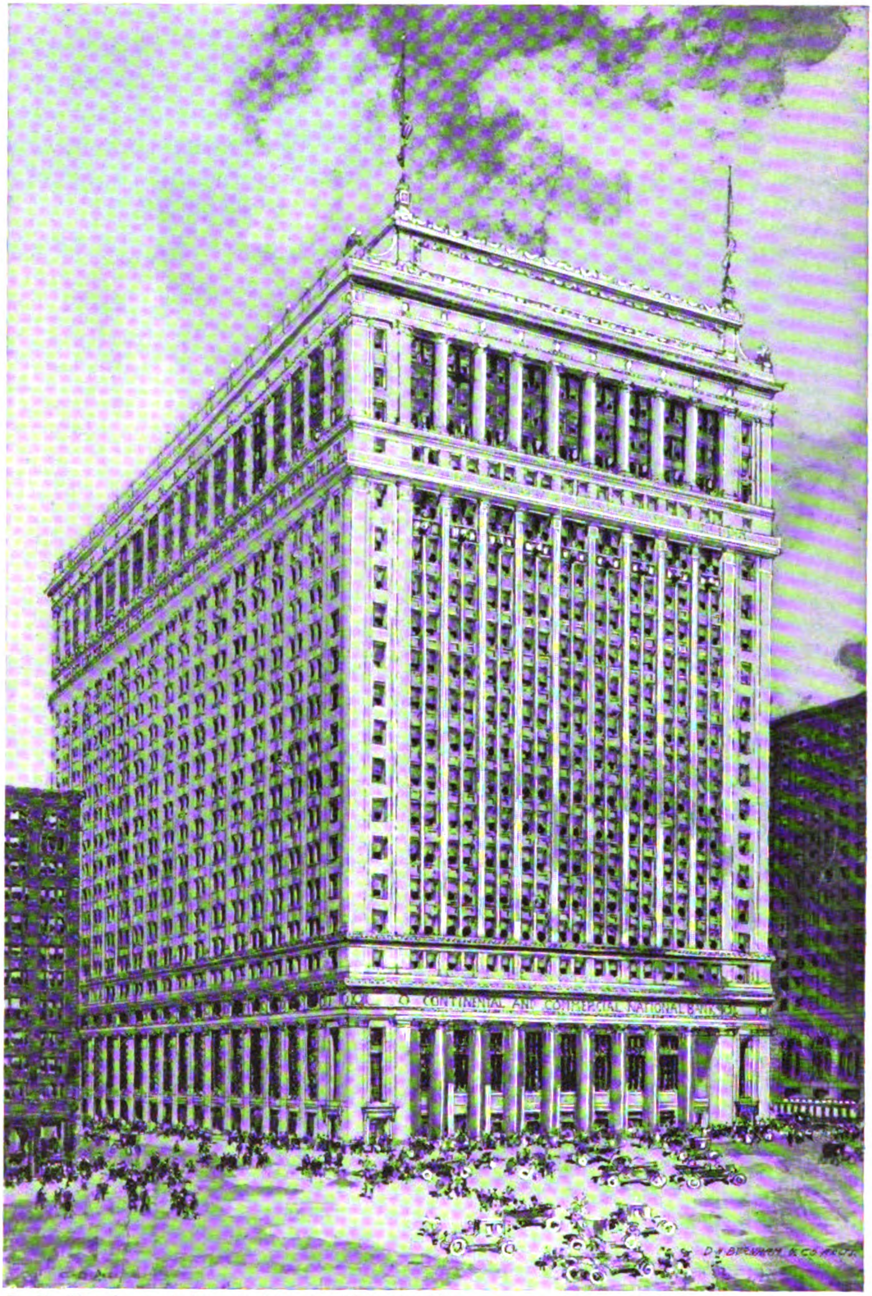
WESTERN STATES

Chicago

—E. C. Hart, who has been a bank examiner in Missouri for several years, was recently elected vice-president of the Mid City Trust and Savings Bank.

—John W. Rubecamp, president of Chicago Chapter, American Institute of Banking, acted as toastmaster at the twelfth annual banquet of the Chapter, which was attended by over 200 young bankers. The menu was in the shape of a bond, each coupon representing a course in the dinner. Chicago Chapter is one of the largest and liveliest in the organization, and its annual banquets are always notable occasions.

—At the recent regular meeting of the board of directors of the Merchants Loan and Trust Company George F. Hardie was elected manager of the bond department.



D. H. Burnham & Co., Architects, Chicago, Ill.

CONTINENTAL AND COMMERCIAL NATIONAL BANK BUILDING, CHICAGO, NOW IN COURSE OF CONSTRUCTION.

Mr. Hardie has been with the bank for twenty-five years, and for the last eight years has been connected with the bond department.

—Chicago banks reported the highest deposit total on record recently—$1,008,615,-426. This growth reflects not only the prosperity of the city and its tributary ter-

HENRY R. KENT
VICE-PRESIDENT FORT DEARBORN NATIONAL BANK, CHICAGO

GEO. H. WILSON
CASHIER FORT DEARBORN NATIONAL BANK, CHICAGO

ritory but is also an evidence of the wise and strong management of the city's banks.

—Before long the Chicago Title and Trust Company will raise its capital stock from $5,000,000 to $8,000,000.

—Charles J. Connor and others have incorporated the Bankers State Bank and Trust Company at Evanston.

—There has been a moving up of officers in the Fort Dearborn National lately, Henry R. Kent going up from the cashiership to the vice-presidency, and George H. Wilson, assistant cashier, was moved up to the place vacated by Mr. Kent's promotion.

Both these gentlemen are well known among bankers, and they have had a great deal of experience in city and country banks. That their advancement was merited goes without saying.

St. Louis

—It is stated that the German Savings Institution has bought a site at the southeast corner of Broadway and Pine street, on which a modern building will be put up for the use of the bank, which now occupies quarters on the ground floor of the Planters Hotel building.

Including the Third National, the National Bank of Commerce, the Mechanics-American National and the Commonwealth Trust Company, this is the fifth large banking house gained by Broadway, while a leading trust company, it is understood, is negotiating for the first floor of the twenty-nine-story Monward Building, under construction at Broadway and Olive street.

—Festus J. Wade, president of the Mercantile Trust Company and the Mercantile National Bank, was elected president of the St. Louis Clearing-House Association at

FESTUS J. WADE

THE NEW PRESIDENT OF THE ST. LOUIS CLEARING HOUSE ASSOCIATION

JOHN E. SWANGER

FORMER BANK COMMISSIONER OF MISSOURI. GENERAL REPRESENTATIVE MERCANTILE TRUST COMPANY AND MERCANTILE NATIONAL BANK, ST. LOUIS

the recent annual meeting. Mr. Wade is a member of the Currency Commission of the American Bankers Association, and one of the well-known bankers of the country.

—John E. Swanger, former Secretary of State and Bank Commissioner of Missouri, and who made an excellent record as supervising officer of the Missouri banks, is now general representative of the Mercantile Trust Company and Mercantile National Bank of this city.

CHAS. M. SAWYER

THE NEW KANSAS BANK COMMISSIONER

—Charles M. Sawyer, president of the First National Bank, Norton, Kansas, has been appointed Bank Commissioner of Kansas, succeeding J. N. Dolley.

—P. S. Pomeroy, cashier of the Security National Bank, Minneapolis, was recently promoted to the vice-presidency and Fred Spafford, assistant cashier, was elected cashier.

—More business has led the United Banking and Savings Company of Cleveland, Ohio, to arrange for remodelling and enlarging its banking rooms.

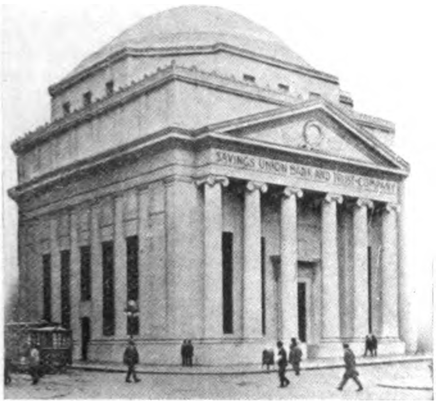
—John T. Mitchell, president of the Bank of Centralia, Mo., and who organized that bank in 1880, is the new Missouri State Bank Commissioner.

·IFIC STATES

Francisco

·rinted and illustrated . much interesting his- ·ias been issued by the Sav- . Bank and Trust Company of ·rancisco commemorating the fiftieth ·niversary of that old and successful institution.

This bank, incorporated June 18, 1862, was the first corporation organized under any banking act of California. How successful it has been appears from the one-hundredth half-yearly report, issued June



SAVINGS UNION BANK AND TRUST COMPANY, SAN FRANCISCO, CAL.

29, 1912, showing capital $1,500,000, reserve $3,620,000, deposits $32,574,975.22 and total resources $36,329,472.80.

The present officers of the Savings Union Bank and Trust Company of San Francisco are: John S. Drum, president; G. D. Greenwood and C. O. G. Miller, vice-presidents; R. M. Welch, vice-president and secretary; R. B. Burmister, cashier; A. M. Whittle, C. F. Hamsher and Wm. A. Day, assistant cashiers; D. L. Clarke, assistant secretary.

—At the final examinations of San Francisco Chapter, American Institute of Banking, conducted by William A. Day, the following students passed in practical banking subjects: Edwin V. Krick, J. C. Lipman, Edward Moffat, Prosper L. Wolf, William A. Marcus.

Los Angeles

—The National Bank of Commerce, Los Angeles, has sold its assets to the Home Savings Banks, and the offices of the Bank of Commerce will be used as a branch of the Home Savings. The latter bank has increased its capital from $400,000 to $600,000.

—An increase from $200,000 to $300,000 has been made in the capital of the Commercial National Bank. R. S. Heaton, assistant cashier, was recently chosen cashier in place of Newman Essick, resigned.

—An increase of capital from $300,000 to $1,000,000 has been made by the Merchants Bank and Trust Company.

—One of the large financial institutions of this city is to have the active services of A. M. Reynolds, heretofore assistant cashier of the Des Moines (Iowa) National Bank. Mr. Reynolds is a nephew of Mr. Arthur Reynolds, president of the Des Moines National, and of George M. Reynolds, president of the Continental and Commercial National of Chicago.

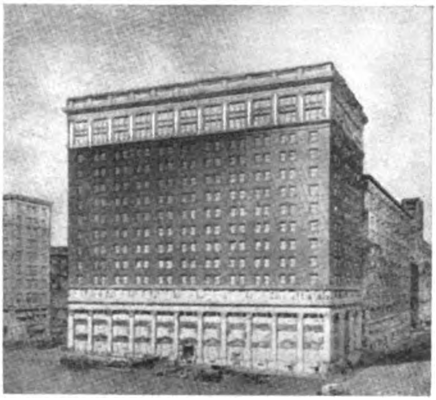
—For the Whittier (Cal.) Savings Bank a new two-story brick building is just finished at a cost of about $20,000.

Portland

—Though only in business a day or so more than a month when the first report to the Comptroller was made, the Northwestern National Bank of Portland, Oregon, gave the following good account of itself on February 4:

RESOURCES.		
Loans and discounts		$1,062,062.79
U. S. bonds		50,000.00
Other bonds		452,000.00
Expenses		557.72
In banks	$549,655.67	
Cash	237,261.66	
		786,917.33
Total		$2,351,537.84
LIABILITIES.		
Capital stock		$500,000.00
Surplus		75,000.00
Deposits		1,776,537.84
Total		$2,351,537.84

As the Northwestern National Bank is affiliated with the old and successful Portland Trust Company, its future is assured. The officers and directors of the bank are:



NORTHWESTERN NATIONAL BANK BUILDING, PORTLAND, OREGON—NOW BEING CONSTRUCTED

President, H. L. Pittock; vice-presidents, John Twohy and F. W. Leadbetter; vice-president and manager, Emery Olmstead; cashier, Edgar H. Sensenich; assistant cashier. Chas. M. Hemphill. Directors—John Twohy, president Twohy Bros. Company; J. D. Farrell, president Oregon-Washington Railroad and Navigation Company; F. W. Leadbetter, vice-president Crown-Columbia Paper Company; Charles H. Carey, attorney; L. B. Menefee, vice-president Silver Falls Timber Company; A. S. Nichols, capitalist; Wm. D. Fenton, capitalist; A. D. Charlton, assistant general passenger agent Northern Pacific Railway Company; Emery Olmstead, vice-president.

In all the elements of solid growth Portland compares most favorably with any city in the country, and additional banking facilities were needed to meet the requirements of its increase in population, commerce and wealth.

An illustration of the Northwestern National's new building, now in course of construction, is shown herewith.

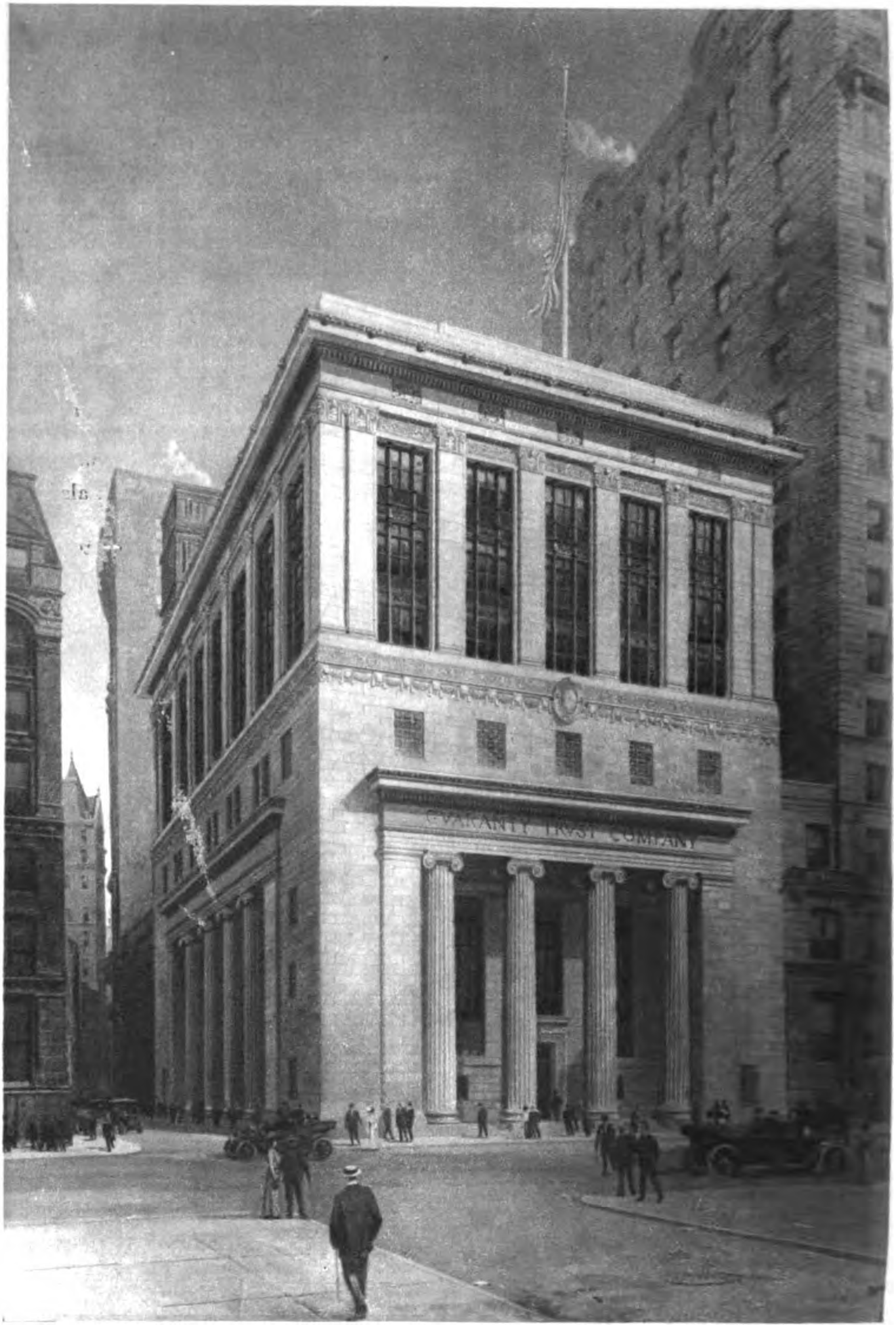
—A. R. Heywood of the Commercial National Bank, Ogden, Utah, has sold his stock in that bank to some of the directors, and has retired from the presidency.

—Salt Lake City's new bank—the National City—has begun business with a paid-up capital of $250,000 and $50,000 paid-in surplus. James Pingree is president. The new bank occupies its own building, which is attractive in appearance and ample in size.

CANADIAN NOTES

—The forty-sixth annual meeting of the shareholders of the Canadian Bank of Commerce was held in the banking house at Toronto, January 14, Sir Edmund Walker, president of the bank, in the chair. The directors report to the shareholders showed net earnings for the year ending November 30, $2,811,806.42. This amount added to the $203,394.89 brought forward from last year, $2,400,000 transferred from the rest account of the Eastern Townships Bank (acquired during the year), and $242,180 premium on new stock made a total of $5,657,-381.31, appropriated as follows: Dividends, $1,418,622.43; bonus, $150,000; written off bank premises, $500,000; transferred to pension fund (annual contribution), $75,000; transferred to rest account, $2,500,000; transferred to rest account (premium on new stock), $242,180, making a total of $2,742,180, and leaving a balance of $771,-578.88 to be carried forward to next year.

—The staff of the head office of the Bank of Vancouver have made a presentation of an illuminated address to L. W. Shatford, M. P. P., the retiring general manager of that institution. The bank, as shown by its annual report, has deposits of $1,638,-041.89, a gain over deposits of the year before of $279,609.88. The net profits for the year amounted to $40,395.45, which works out at about five per cent. on the paid-up capital.



GUARANTY TRUST COMPANY BUILDING
140 BROADWAY
NEW YORK CITY

THE

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR APRIL 1913 VOLUME LXXXVI, NO. 4

The Morgan Answer to the "Money Trust" Charge

TWO notable financial incidents occurred recently—the findings of the PUJO committee in regard to the "money trust" investigation, and the publication of a letter from the firm of J. P. Morgan & Co., addressed to Mr. PUJO, and dealing with the same subject.

The MORGAN letter, which must be regarded as an accurate reflection of things as they are, laid upon our imperfect banking system the responsibility for many of the conditions in the financial world about which so many complaints are heard.

Except among people whose inherent prejudices make them hostile to banks, and especially among those who have given careful study to banking affairs, the points covered in the MORGAN letter are well understood as being correctly stated. We shall make but one or two quotations. Speaking of bank mergers, the letter says:

"These mergers, however, are a development due simply to the demand for larger banking facilities to care for the growth of the country's business. As our cities double and treble in size and importance, as railroads extend and industrial plants expand, not only is it natural, but it is necessary, that our banking institutions should grow in order to care for the increased demands put upon them. Perhaps it is not known as well as it should be that in New York city the largest banks are far inferior in size to banks in the commercial capitals of other and much smaller countries. The largest bank in New York city to-day has resources amounting to only three-fifths of the resources of the largest bank in England, to only one-fourth of the resources of the largest bank in France, and to less than one-fifth of the resources of the largest bank in Germany. As the committee is aware, in New York city there are only three banks with resources in excess of $200,000,000, while there are ten such institutions in London, five in Berlin and four in Paris.

"It is also perhaps not sufficiently recognized that, even as it is, American banks have not fully kept pace with the development of American business. Hundreds of the financial transactions of to-day are so large that no single bank commands sufficient resources to handle them. This is especially true with respect to the great public utilities which are essential for the development and welfare of the community. Even our largest banks are seldom able separately to extend the credit which such undertakings require, no one national bank being permitted by law to loan in excess of ten per cent. of its capital and surplus to any one individ-

ual or concern. When it is remembered that literally hundreds of corporations in this country are now obliged to borrow annually sums of a million dollars and upwards apiece, it is obvious that the size of our banks must grow to keep pace with this demand."

Doubtless—although the letter does not say so—the prejudice against concentrated banking power has prevented further mergers than would have been beneficial.

The whole letter is, as already stated, a summing up of existing banking practices, and an explanation showing why they have become necessary. One other quotation from the letter must suffice:

"To banking the confidence of the community is the breath from which it draws its life. The past is full of examples where the slightest suspicion as to the conservatism or the methods of a bank's management has destroyed confidence and drawn away its deposits over night. Much therefore may be left to the instinct and the force of public opinion; and finally, in urging upon you once more the establishment of a sound banking system, we venture to question the wisdom of engrafting upon such new system many special provisions, designed to guard against particular evils, but which, being restrictive in their nature, are likely so to hedge about the business of banking as to curtail severely the country's development. We believe that, with a scientific banking system firmly established, many features in our present situation, perhaps deemed objectionable by you, will of themselves disappear; and that this country will enjoy the experience of other countries which, with nothing like the same amount of banking statutes in force as we have, are yet immeasurably freer than America from banking failures and from those periodic financial disturbances which bring misfortune to rich and poor alike and except for which these United States to-day undoubtedly would be in enjoyment of a political and national prosperity far surpassing any that has been known in the world's history."

A Central Credit Bureau

THE experience of the New York State Banking Department with a central credit bureau are thus described in the recent annual report of the Bank Superintendent:

"For a long time a need was felt for a central bureau which would aid examiners in determining the value of notes and investments, a place where it would be possible to ascertain the financial responsibilities of directors and borrowers, where a record would be kept of the copartnership and corporate affiliations of directors, where data would be available as to securities of questionable value and where information with reference to the credit of bank borrowers and its effect upon the solvency of banks could be collected and compiled.

"To meet this need the credit bureau was established last January in the New York branch office. A record is there kept of borrowers of large amounts in State institutions. Records are kept of group loans, persons borrowing by means of the use of corporate titles and trade names in order to secure extra accommodation; dummy borrowers, clerks signing notes for the benefit of others; holding companies, apparently organized for the purpose of protecting the institutions, but in many instances used for the benefit and personal profit of officers and directors. Records are kept of bank stock hypothecations, by which means the department is informed if the stock of the institution is lodged in strong or weak hands and also if the control of the

institution is being carried on borrowed money. In this way the department is able to check the activities of ambitious promoters who purchase control of banking institutions in order to obtain additional facilities to further their own speculations. The operations of undesirable and irresponsible borrowers are watched. This class is very eager to prey upon the country institutions, obtaining loans based upon worthless collateral, or upon notes of fictitious or decaying corporations; so-called note brokers, selling second-class commercial paper to country institutions.

"The directors' relations with institutions are investigated. Some instances have been found in which directors appear to be large stockholders in their banks, but the majority of the stock which they own is hypothecated in other institutions. Occasionally they even go so far as to borrow upon their qualifying shares. Some do not hesitate to cause large loans to be made to themselves and to their companies as well as to individuals with whom they are associated, without giving proper security to the bank.

"The principal work of the credit bureau is the investigation of loans to over-extended borrowers. This class of borrowers is a most dangerous one. They secure accommodation through false statements made to the banks as to the extent of their loans. They borrow large amounts from a number of institutions, each institution making its loan upon the assumption that it is the only large creditor.

"By means of this system of collecting and compiling such information the Banking Department is enabled to ascertain the number of banks from which they are borrowing and also the aggregate of their loans. In the event of flagrant abuse banks are advised of the condition of the borrower in order that further extension may be prevented. A case was found in which the borrower maintained loan accounts in twenty-nine institutions. Again, one individual was discovered borrowing in the name of thirty different individuals and corporations.

"In December the department called upon State banks and trust companies for a list of all unsecured loans amounting to $5,000 or more in their institutions on the date of the call for the regular quarterly report. When this information is compiled the credit bureau will have an accurate record of the loan liabilities of large borrowers in State institutions.

"The Banking Department is now able upon request from those entitled to the information to furnish to the institutions under supervision the total of a borrower's bank loan liability and the number of State institutions lending to each borrower. However, when such information is given, this department will under no circumstances reveal the names of the lending institutions."

Banks and Listed Bonds

PROPOSALS have been made recently at Washington to compel the national banks to confine their investments to securities listed on the Stock Exchange. Whether this means the New York Stock Exchange only, or whether it includes local exchanges in the comparatively few cities where they exist, we do not know.

Evidently those who put forward these proposals have great faith in the Stock Exchange as a tester of values, and they no doubt believe that listed securities can be sold more readily and fluctuate less in price than unlisted securities. A well-known Eastern bond house in a recent advertisement takes an opposite view. Under the heading, "An Attempt to Correct an Investment Fallacy," it is stated:

" 'These bonds are listed on the New York Stock Exchange.' This phrase is taken by many investors as a guarantee of immediate marketability. The following facts are offered to show the fallacy of considering Stock Exchange listing a synonym for ready convertibility into cash.

"There are 847 issues of railroad and corporation bonds listed on the New York Stock Exchange. During the year 1912 not a single transaction was recorded in 178 of these issues. The activity of one-half of these issues was limited to the sale of one bond every seven days. Over one-half of the total volume of business was confined to twenty-four active and for the most part speculative issues.

"Listed bonds show much wider fluctuations in price than unlisted bonds. Experience has demonstrated that in a falling market the shrinkage in price of listed bonds will greatly exceed that of unlisted bonds, for the reason that many investors are frightened into selling their bonds for much less than their value, because they are led to suppose from newspaper quotations that many other people are selling."

Publicity given to the prices of listed bonds and to the volume of dealings in them undoubtedly affects their price to a considerable extent. A great many people get excited and buy on a rising market, just as they sell on a declining market.

So far as bankers are concerned, they would be relieved of the necessity of exercising so much discrimination by confining their investments to listed securities only. As has been said, the banker who buys only such securities and accepts no others as collateral for loans can get along reasonably well with no other qualifications than ability accurately to read the tape.

But listing has its value, nevertheless. It enables the banks to apply the market test to the value of securities, and for the banker's purpose that is a very necessary test. Of course, many of the best securities are not listed, for the reason that their owners are quite content with the income they bring and have no desire to sell them or to use them as collateral for loans. But such securities, while highly satisfactory to the individual owners, may be much less desirable to the banker who can never lose sight of the possibility of being called on at any time to make a quick sale.

Banks Co-operating with Farmers

GOOD results are bound to flow from the increasing spirit of coöperation between the banks and the farmers of this country. An evidence of this growing coöperation—which, of course, has manifested itself in many ways—is afforded by a recent number of the "Northwestern National Bank Review" of Minneapolis, from which we make the following quotation:

"There has been considerable agitation in agricultural journals and the daily press recently regarding the raising of more live stock in the Northwest. This feeling is brought about largely, and is particularly emphasized at this time, by the low price of wheat and other grains and the high price of all kinds of live stock. In order to obtain information and to get the valuable opinion of bankers throughout the immediate Northwest regarding the gradual increase in the raising of all kinds of live stock, this bank recently sent out letters to eighty representative banks in as many different localities in Minnesota, particularly in the western portion, and in North and South Dakota. A summary of the in-

The Late J. Pierpont Morgan

[Born at Hartford, Conn., April 17, 1837; died at Rome, Italy, March 31, 1913.]

As head of the international banking-house of J. P. Morgan and Company Mr. Morgan has been long recognized as the leader in the American financial world. His genius was essentially constructive and he has been a factor of immense importance in the railway and industrial development of America. He was a great philanthropist and an art collector and bibliophile of international reputation.

formation received, will, we think, be of interest to all our readers.

"To obtain definite replies on certain points that might be overlooked, our letter, besides inviting the general views of our correspondents, contained a few tabulated questions bearing upon (1) the proportion of farmers raising an adequate amount of live stock, (2) the banker's attitude towards the matter of offering special credit inducement for the direct purpose of stocking farms, (3) the terms upon which such loans should be made, and (4) whether local banks would need assistance in furnishing the loans.

"We, of course, are not advocating the curtailment of credit to any borrower who is entitled to credit, no matter what his condition or profession. We believe, however, that it will be universally conceded that under ordinary conditions the farmer with live stock is a better credit risk than he would otherwise be. Furthermore, this agitation is not being carried on primarily for the purpose of reducing the cost of living to the consumer, though we believe such benefit would result. Rather, it is for the purpose of increasing the well-being of the Northwestern farmer. As he thrives, so also do the merchant, the manufacturer, laborer, banker and all others. He is the basis of our prosperity.

"Only two of all the banks addressed report anything like a satisfactory amount of stock raised in their communities, most of the reports showing from one to ten per cent. of the farmers raising an adequate amount. Several, indeed, place the estimate at zero. Two answer unreservedly in the negative as to the desirability of offering special credit inducement to stock growers. The prevailing idea as to terms is that stock purchased should be the required security, notes to mature in the fall or when the stock can be marketed, with renewals if necessary and prudent. These terms were already in operation in many places. One bank suggested land as security. As to whether local banks would need financing, the answers were about evenly divided between affirmative and negative."

While the replies received to these inquiries showed that many banks were already liberally aiding in increasing the production of live stock, the opinion was general that much remained to be done, and that a still further diversification of farming and the raising of more live stock would be of great benefit to the farmers and to the community as a whole.

This enlarged coöperation between bankers and farmers will be to the profit of both, and no doubt—as the above quotation suggests—will incidentally relieve the strain on the purses of a good many people who are not so fortunate as to be either farmers or bankers. And aside from the direct benefits of this and similar movements, there will come the collateral advantage growing out of a better understanding between the bankers and the farmers—an advantage by no means inconsiderable.

Deposit of Customs Receipts in Banks

ONE of the last official acts of Mr. MacVeagh, the retiring Secretary of the Treasury, was to inaugurate the new plan of depositing customs receipts in national banks instead of in the Sub-Treasury. This action is a most important departure in the financial policy of the Government, and one bound to have a far-reaching and beneficial influence, for the alternate locking up and disbursement of large sums by the Sub-Treasury has greatly aggravated other unscientific elements in the country's banking and currency

system. It will probably be a long time before the Government comes to realize that there is no sound reason why it should not make use of the banks in receiving and disbursing funds in the same way that business men do, but a very notable step has been taken in that direction.

This MAGAZINE, in common with all others who have given careful study to the financial operations of the Government, has long and patiently advocated the reform put into effect by Mr. MACVEAGH. We hope this is a beginning of the disappearance of many archaic features in the management of the public finances that have long operated to disturb sound financial conditions.

Regulation of the Sale of Securities

UNDER the title of "A bill to regulate the sale of stocks, bonds and other securities," the legislative committee of the Investment Bankers' Association of America has drafted a bill whose main purpose may be gained from Section 1, which is as follows:

"Section 1. No dealer in stocks, bonds, debentures, certificates of participation, or other securities, shall in this State, sell, offer for sale, invite offers for, or inquiries about such securities by personal solicitation, letters or circulars, except to other dealers or banks, or by advertising in any newspaper, magazine or other periodical published in this State, until such dealer has filed with the Commissioner of Banking:

"(a) A statement under oath showing the name and principal place of business of such dealer, and the names, residences and business addresses of all persons interested as principals, officers, directors or trustees, including the name, residence and business address of an agent residing in this State, if any.

"(b) Two certificates each signed by different persons who shall be officers of different State or savings banks or trust companies within this State, or of national banks, stating that in their opinion the dealer is of good business repute and financial standing.

"(c) If such dealer is non-resident, a designation duly signed which by its terms shall be irrevocable so long as the dealer shall in this State do any of the acts named in this section, designating a resident agent, or the Commissioner, attorney for the dealer for the service of any legal process."

Section 7 defines who are "dealers" within the meaning of the bill:

"Section 7. A corporation or unincorporated association offering its own securities for sale by circular, advertising, or through agents, except to its own shareholders or members, or to dealers, or banks, or by such means inviting offers for or inquiries about its securities, shall be considered a dealer under the terms of this act."

With the declared purpose of the Investment Bankers' Association, "That people dealing in securities in bad faith should be put out of business," we are in hearty sympathy. The only point is, whether the proposed measure would accomplish this laudable aim without injuring legitimate investment offerings.

Let us say at the outset that, in our judgment, the sale of securities should, if practicable, be brought under Federal regulation rather than be committed to the numerous States with their varying standards of legislation and administration. It would be comparatively simple to comply with a single Federal statute, but would prove irksome to comply with the requirements

of the laws of every State in which it was desired to transact business.

Then, again, we cannot see exactly how the States can prohibit anybody from sending out circulars or letters, because we had supposed that the Federal Government alone has jurisdiction over the mails.

Perhaps in its zeal to put out of business those not offering securities in good faith the legislative committee of the Investment Bankers' Association has gone further than necessary, and has proposed a measure which, if adopted, will impose burdensome restrictions upon the offering of investment securities for sale.

Would it not be better to have a single Federal enactment, providing simply that all persons offering securities for sale should be compelled to show what such securities represent? This is on the assumption that any new legislation whatever is needed.

It seems to be the intention to make banks subject to this new law although one would think that the banks already are under pretty careful regulation, and that any further legal restraints might choke them to death.

Section 7 of the proposed act, quoted above, gives rather a strained interpretation of the term "dealer."

Finally, a lot of securities are specifically exempted from the provisions of the act, although the wisdom of such exemption is not apparent.

Whoever offers securities for sale should be required to make a true statement of what such securities represent, and be held liable for false representations. Probably no new law is needed to bring this about. There is doubtless enough law already if people will only insist on its enforcement.

But if these is to be new legislation it should be as nearly uniform as possible, if enacted by State legislatures, and no doubt a Federal statute would work far less hardship to those engaged in the legitimate marketing of securities.

We applaud most heartily the action of Governor RALSTON of Indiana in vetoing a blue-sky law passed at the recent session of the Legislature of that State. Instead of hasty and ill-considered legislation, which might do more harm than good, the Governor favors careful investigation of the whole subject, and has appointed a commission of experts for that purpose.

While the country would gain by being rid of the "get-rich-quick" schemes, even so laudable a work as this will have to be done carefully, lest the remedy prove worse than the disease, bad as that is. It may be found practicable to kill the rat without burning the barn.

The Investment Bankers' Association of America can no doubt exercise a great influence in securing the adoption of whatever legislation may be necessary to protect the public from spurious investment schemes without imposing any unnecessary restraints upon legitimate offerings of securities.

Obscure Banking Law

AS a result of legislative activity in regulating the banking business the restrictions thrown around the banks of some of the States have become so numerous and complex that it is difficult to make them out. Here is what the Superintendent of Banks of the State of New York says in his last report:

"As a result of the manner in which it was compiled and amended the Banking Law of the State to-day is full of incongruities and ambiguities. In fact, the language used is in many instances both crude and prolix. So many of its provisions are capable of different interpretations that, in order to know what the law with reference to any

particular subject is, it is necessary to have a comprehensive knowledge of the opinions of the Attorney-General interpreting it rather than to be familiar with the law itself."

The Superintendent suggests the appointment of an expert commission to revise the law. It is to be hoped that if such a commission is appointed it will be liberally supplied with blue pencils.

The Pujo Committee's Report

AFTER months of laborious investigation, the PUJO committee has reported that it has discovered a "money trust," and has recommended a banking bill and a Stock Exchange bill with a view to destroying this malign monster. The report and the accompanying bills are so long as to make it impracticable within reasonable space to present a digest of them, even if they were digestible.

Inasmuch as we cannot believe that the American people are yet prepared to put into statute form the distorted prejudices and gross ignorance of banking principles betrayed in this report, we shall not enter into a detailed discussion of it. But there are one or two things in the report that may be touched on briefly.

Partly as a result of the inefficiency of official inspection of the banks, and partly because the banks in the larger cities have found it essential on the ground of safety to have an examiner of their own to inspect clearing-house members, a custom has grown up in this country of late for the clearing-houses to appoint an examiner. This, says the PUJO report, should be prohibited, and all examiners of national banks are to be named by the Comptroller of the Currency. But there is a saving clause to this prohibition, and it is worthy of quotation:

"Any such association may, however, by requisition upon the Comptroller of the Currency, procure the appointment by said Comptroller of such number of examiners to be nominated by the association and approved by the Comptroller in addition to his usual staff of examiners as in the judgment of the association will be necessary or proper to secure the thorough performance of the work of the examination of the national bank members of such association at such stated intervals as the association may require in addition to the examinations prescribed by existing law. Provided, That there shall be paid monthly by said association to the Comptroller the entire cost, charges and expenses incurred by the Comptroller in such further examination."

This means that the banks may suggest the appointment of additional examiners to make up for the inefficient work of the Government examiners, the banks to pay for the latter's inefficiency!

There is one section of the banking bill accompanying the report which is worthy of notice:

"Section 15. No national bank shall engage in or be or become directly or indirectly interested in or connected with any promotion, guaranty or underwriting involving the purchase, sale, or disposition of the securities of any corporation. or make any agreement with respect thereto, or shall either alone or jointly with others offer any securities for sale by public advertisement or otherwise, or make or cause to be made or issued any statement or representation with respect to any such security: Provided, however, That nothing herein contained shall be construed to interfere with the disposition by such bank at public or private sale of securities or interests therein that may have been acquired by it as secur-

ity for loans of money made by such bank or to which it may have derived title in the current conduct of its business of loaning money on collateral."

Now, we do not doubt that some inconveniences and some evils may have arisen from the transactions forbidden in the above section. We cannot go into that question now, but merely wish to inquire how the needs of our great industrial enterprises are to be met if the banks are closed against them? There remains, of course, the State banks and trust companies, but even if these were financially powerful enough to supply the demand, it must be regarded as only a matter of time when the State legislatures will make similar prohibitions applicable to them, for they do a commercial business little different from that of the national banks.

There could be organized several great financial banks with large capital, but so far there appears to have been no tendency in that direction.

It would seem to us as a very unfortunate day for the business of this country when its banking legislation shall be based upon a foundation like that contained in the Pujo report.

The Gold Standard

By Henry W. Yates, President Nebraska National Bank, Omaha; Former President Nebraska Bankers' Association.

Attempts have been made by many writers of late to connect the rise in prices with the increased output of gold. It has been asserted that we are facing an economic crisis as a result of the depreciation of the standard of value. Mr. Yates, who is a veteran banker, and a close observer of facts relating to money and banking, takes the opposite view. He points out that the production of gold seems for the present to be at a stationary stage, that India is absorbing an increasingly large amount of gold, and finally he challenges the quantitative theory of money itself.—Editor Bankers Magazine.

In the legislation being considered by Congress for the improvement of our banking and currency system, it may be well to consider the possible effect the changes recommended may have upon the existing laws establishing and providing for the maintenance of the gold standard and also, in view of certain recent movements of the precious metals which, if continued, may seriously affect the supply of gold, if further legislation upon that subject may not be demanded.

Historical Retrospect.

The questions justify some historical retrospection. The adoption of the single standard of gold by all the great nations constituted an epoch in history, which was not the less important because for easily discerned reasons it was not recognized or felt at the time it was put into effect.

On account of other happenings about the same period which confused the subject, these reasons have not always been correctly stated and popular misconceptions exist concerning them.

Ratio Between Gold and Silver.

From the commencement of the nineteenth century and long before, the ratio between gold and silver had varied only slightly. The two metals had been almost universally used together as the standard of value. In the period from 1801-1810 the ratio averaged 15.60 and as late as 1871 it was still only 15.58.

The great discoveries of gold occurred during this period and the market of the world was deluged with it in unheard-of quantities. In accordance with the commodity theory of money,

this increase of gold, with no corresponding increase in silver, should have greatly increased the relative value of silver and lessened the ratio.

For one year only was there the smallest indication of such an effect. In 1859 the ratio fell to 15.21, but the very next year it again reached the former ratio and so continued to 1871. To confirm preconceived opinions the doctrinaires have made much of the trifling changes in ratio which had occurred from time to time, but the unbiased observer, taking into consideration the fact that the several countries had established various legal ratios ranging from fifteen to one to sixteen to one, will naturally conclude that what differences are shown resulted from these different valuations when they became effective in the settlement of international trade balances and not from any inherent difference in the values of the two metals.

Disappearance of Silver.

Shortly after the great expansion in gold, silver began to disappear from circulation. What became of it?

Investigation shows that for years there had existed a steady drain of silver to India, China, Japan and other oriental countries. The precious metals when taken to those countries do not return to the channels of trade and commerce as in the case of dealings between other nations. The operation practically takes back to the ground the metals extracted from it.

First Monetary Conference.

The first monetary conference held in Paris in 1867 was called, not for the purpose of taking measures against silver, but for the purpose of devising ways and means of keeping it in circulation, if only to the modified extent of a subsidiary coinage.

At that time silver, it was stated, had almost disappeared from the money circulation of France and was retained in Germany and some other countries solely by reason of the fact that use and abrasion had reduced the nominal value of the coins to an extent which made it unprofitable to export them.

Only two of the twenty countries represented had the single gold standard and yet these twenty, which included the United States, joined unanimously in recommending to their respective governments the establishment of the single gold standard, with silver—to use the language of the report—"as a transitory companion."

Increased Silver Production.

Almost concurrent with this conference occurred what may be called one of the most extraordinary coincidences of history. The silver mines in the United States became enormously productive and the world was deluged with silver. The various countries having established the single standard, there were few mints open to silver, and it necessarily fell to the condition of an ordinary commodity and was offered in larger quantity than the market would stand. It fell rapidly in price and with many fluctuations it at last reached the comparatively steady figures now prevailing.

Gold Exported Instead of Silver.

The East continued to take large quantities of silver, but not sufficient to absorb the supply, and the action taken by the great nations in favor of gold has had an unquestionable effect upon these people, as their preference seems now to be turning to gold. The movement indicating this change has only commenced in recent years, but it has already reached figures which must attract more attention than has so far been given it. We have the figures for India only, but these are sufficiently impressive.

The under Secretary of State for India submitted recently to the British Parliament the following figures for gold imports to that country:

1909	£10,077,472	$50,387,360
1910	18,028,008	90,140,040
1911	23,366,814	116,834,070
1912 (9 months)	26,346,314	131,731,570

Total for the four years over $400,000,000.

The imports of silver were as follows:

1909	$38,786,764
1910	30,369,395
1911	27,918,806
1912	17,167,435

It will be seen that while the silver imports decreased since 1909 more than fifty per cent., the gold imports increased two hundred per cent.

India alone during the past year has taken about one-third of the gold produced in the world, and as the production of gold has ceased to increase and may soon decrease, this drain upon the world's stock of gold, if continued, must eventually produce a serious contraction in its volume.

Of course, the world cannot be deprived of its gold in the manner in which silver disappeared prior to 1870. Both metals then constituted the standard of value, and the loss in silver was not felt, for the reason that gold increased more rapidly than silver was lost. The strain now will be upon gold alone; and when it becomes serious, measures may be taken which will check or control its exportation.

Means Provided to Protect Gold.

This leads to a consideration of the means provided in various countries for the protection of their gold stock.

In Great Britain, the question is not so complicated as elsewhere, for the reason that practically its sole currency is gold, and experience has shown that its volume may be regulated through the discount rates of the Bank of England.

France has an immense stock of silver and takes measures which probably could not be adopted with impunity in any other country. It practically suspends gold payments, by a threat to pay in silver, and the Bank of France checks exports of gold by charging a premium for it.

In the United States the Gold-Standard Act of March, 1900, requires the holding in the Treasury of a gold reserve of $150,000,000 to secure the parity with gold of its various kinds of currency. Should this fund be insufficient, the Secretary of the Treasury is authorized to sell short-time three per cent. bonds for gold. Even if a favoring Administration was in power, disposed to avail itself of this authority—being the same exercised by President Cleveland for which he was greatly censured by his party—it is doubtful if these bonds, under the circumstances calling for the exercise of the power named, would produce the gold needed.

Striking Contrast.

The writer is conscious of the striking difference between the situation he has indicated and the prevailing opinion concerning gold which is so often referred to in articles by professed experts when they undertake to explain the cause of high prices.

For instance, a writer in "Lippincott's Magazine" for January would stir up the public with the assertion that the world is facing "an economic crisis arising out of the certainty of a persistent depreciation in its standard of value," "that the increasing production of gold is responsible for the great rise of prices," and "that this increased production of gold will continue indefinitely."

Another writer in "Harper's Weekly" of January 4, arguing for the railroads in favor of an increase of freight rates, takes the same view; and if his premises were correct, there would be some force in what he says.

All this, however, is asserted in the face of the fact that since 1908 the production of gold has been practically stationary—that in the present year there was an increase of only five and one-half millions of dollars, and in the United States, Mexico and Australia an actual loss of $16,000,000. When to this showing is added the fact that one-third of the total production is consumed by India alone; that one-fourth is used in the arts, and that there is nothing whatever upon which to base any claim for increased production, but a great deal to threaten a decreased production, the fears expressed for an economic crisis on account of the de-

preciation of gold seem far-fetched even from the standpoint of the quantitative theory of money.

The Quantitative Theory.

The quantitative theory, if true, offers no promise of good to the world; for even when it is strained to account for prosperity, it carries its own refutation. If an increase in the gold supply automatically raises the prices of things by diminishing the exchange value of gold, how is it possible for the wage and salary earners and those dependent upon interest for income to gain by the operation?

Even if salaries and wages were raised in the same proportion, the recipients of the increase would be in exactly the same position they were before; the increased cost of living would offset the increased wages.

The theory is incapable of satisfactory demonstration and is contradicted by statistics of much greater force than any offered in favor of it.

The value of gold is not affected when it is used in the exchanges. It is itself a party to no exchange and its use ceases when the exchange is completed. Commodities and properties are exchanged for each other and not for gold. Gold is the guarantor or sponsor for each side of the trade, but it is not itself traded for and cannot be said to have a value in itself similar to other commodities. All forms of money are emblems of confidence somewhat similar to the credit instruments which now take their place in nine-tenths of the trades consummated.

They may be said to be orders issued by certain publics upon its individual members for goods or services.

Gold is superior to all other moneys, for the reason that its public is the entire world, while other moneys have circumscribed limits.

No country can possess too much of world-confidence money. The effect of its quantity upon prices is subject to the conditions attending it. Its increased quantity cannot be claimed as the cause of prosperity, but it is the evidence of its existence. In prosperous times more men are employed and increased wages enlarge the ability of men to purchase and consume the things they want. This would not necessarily increase prices unless the demand should exceed the supply. If wages should be increased and added to the cost of production, this would necessarily raise the price of the particular things affected, but not that of all things. An increased supply of gold would not, therefore, necessarily raise prices—its effect would be to increase business activity and lead to increased production which of itself would have a tendency to *lower* prices. While the production of gold has decreased in the United States, its gold stock has increased $90,000,000. This goes to show that our era of prosperity has as yet met with no check.

Contraction of Gold.

If an increased gold supply clearly indicates prosperity, it will follow that a contraction in its volume may show the contrary.

A lessening of the gold stock in any country caused by the give and take action of the foreign exchanges constitutes no cause for alarm, as the effect is temporary. A contraction, however, which is caused by a permanent lessening of the world's stock is a serious matter.

The various western nations, when a stringency occurs, will adopt measures to meet the situation, but all such actions necessarily disturb trade and commerce.

The Use for Silver.

The thought will naturally arise, are there not some means available to prevent this contraction and thereby avert what would prove to be a battle between nations for the possession of gold.

The chief danger arises from the increasing demand of the oriental nations for gold. These people have heretofore preferred silver, and it may not be too late to revive this confidence. The Western nations have done everything possible to discredit silver.

A different policy, even if it should go to the length of remonetizing the metal by giving it a mint value, may induce them to again give their preference to silver. This would lay this spectre that has arisen in the East, and would not necessarily call for a new coinage or change the existing coinage ratios.

To accomplish this, some joint action must be taken by the great nations. The question is now being discussed in financial circles in England, which through its control in India is in a better position than any other country to bring about the desired result. The United States would doubtless be ready —as it has always been—to join in any movement which would tend to strengthen and steady the relation which silver bears to gold.

Danger in the United States.

The danger to the gold standard in the United States arises from the fact that a large number of our people do not realize or believe in the importance of that standard as a factor in our national life. In fact, many well-meaning people believe the public welfare would be advanced if it was abrogated and paper money substituted.

Any attempt to strengthen the gold standard act would doubtless be resisted and perhaps defeated. So far from strengthening that act, indications are not lacking of a disposition to weaken it by those who have been considered its chief upholders. The Aldrich Bank Bill, if it was adopted, would repeal the most important feature in it and give to a private corporation the entire control of the subject.

Only recently the Secretary of the Treasury in a public report has recommended the depositing with a central bank, so that it may be utilized in expanding credits, the $150,000,000 of gold reserve now held in the Treasury and which constitutes the only certain provision we now have for the maintenance at parity with gold of our various forms of paper currency.

In the writer's opinion, in which he is joined by the almost unanimous consensus of opinion of those who have given thought to the subject, the importance of maintaining the gold standard in the interest of every class of our people cannot be over-estimated.

The national growth in power and importance may be largely attributed to it, and no lasting prosperity can exist without it.

Bankers' Conventions, 1913

American Bankers' Association, Boston, Mass., October 6 to 11.

American Institute of Banking, Richmond, Va., September 17 to 19.

Alabama, Dothan, May 8 to 10.

Arkansas, Little Rock, April 24-25.

California, San Diego, May 22 to 24.

Florida, Jacksonville, April 24-25.

Georgia, Macon, May 16-17.

Iowa, Des Moines, May 27-28.

Idaho, Weiser, June 5-7.

Kansas, Hutchinson, May 6-7.

Louisiana, Alexandria, April 17-18.

Minnesota, Duluth, July 10-11.

Missouri, St. Joseph, May 20, 21.

New York, Ottawa, Canada, June.

New Jersey, Atlantic City, May 8-9.

North Carolina, Asheville, July 8-10.

North Dakota, Grand Forks, June 11, 12.

Oklahoma, Muskogee, May 8, 9.

Pennsylvania, Pittsburgh, June 20, 21.

South Carolina, Lake Toxaway, July 10-12.

South Dakota, Watertown, Junr 25, 26.

Texas, Galveston, May 13 to 15.

Virginia, Old Point Comfort, June 19 to 21.

Washington, Bellingham, Aug. 7-9.

West Virginia, Elkins, June 11-12.

Does the American Farmer Really Pay Eight and a Half Per Cent. Per Annum for His Mortgage?

By Edward Neville Vose.

FOR several months there has been a discussion regarding the manner in which the great agricultural industry of the United States is financed. At the outset it was alleged that the average rate of interest paid by American farmers amounted to eight and one-half per cent. per annum, compared with five per cent. or less paid by the small farmers of certain European countries. This, according to one much-quoted writer, amounted to "an undue interest tax of $210,000,000 a year" on a volume of farm indebtedness estimated at over six billion dollars. The Census Bureau reports the total amount of debt on the 1,006,511 mortgaged farms operated by their owners in 1910 to have been $1,726,172,851. It has been roughly estimated that the aggregate indebtedness on tenant farms would bring this total up to three billion dollars, and that the average amount of current loans to farmers on account of crops, chattels, etc., would be another three billion.

While the last of these three totals is one that is obviously incapable of demonstration, as no means exist for ascertaining the total amount of chattel and crop loans made to farmers in the different States, it may be conceded that the foregoing estimate is probably fairly accurate as regards the total volume of farm indebtedness in the United States. But is the assumption that the average rate of interest on this immense sum is eight and one-half per cent. equally true? To be sure, this figure has been accepted by many eminent people, including President Taft in his letter to the Governors of the States on "Land and Agricultural Credit in Europe," but apparently few if any of the writers who have stated that the rate of interest is eight and one-half per cent. have given any serious thought to the accuracy of the assertion.

Now, is the average rate, the country over, really eight and one-half per cent. per annum? Let us, in the first place, note carefully the sub-divisions of farm indebtedness as above stated. The grand total of six billion dollars is divided into (1) Mortgages on farms operated by owners, (2) mortgages on tenant farms, and (3) crop and chattel loans to farmers. That the rate of interest on the third group is very likely eight and one-half per cent. may be conceded. It is undeniable that the small cotton farmer of the South has to pay a high rate of interest for the limited credit extended to him by the country stores, usually secured by his growing crop and placed at a time when all estimates as to its ultimate value are largely speculative. It is also true that wool in the hands of the farmer is not considered so good a security for bankers' loans as the same wool in the warehouse of the manufacturer, and that a similar situation exists with respect to all of the great agricultural staples. A more economically sound system of financing the American farmer with respect to these three billion dollars of crop and other short-time loans would be a national benefit and in so far as the present discussion is devoted to this portion of the subject it cannot fail to be helpful.

Reports from competent observers in the South, the Northwest, and in other agricultural regions, however, indicate that this costly method of financing the farmer is already passing away, and

that the local banks are taking the lead in a movement that is fast placing both the country storekeepers and the farmers on a much stronger and sounder credit basis.

Rate of Interest on Mortgage Indebtedness.

Turning now to the two classes of farm indebtedness secured by mortgages, what evidence is there that the average rate of interest—including renewal charges and all fees, etc.—is eight and one-half per cent.? To this there can be but one reply—there is no such evidence.

The first writer on the subject stated that he based his estimate on all that he was able to gather "from the best available sources." These, in his case, were probably people familiar with the farm loan situation in the Southwestern and certain Rocky Mountain States, through which runs a railroad system with which he is prominently identified.

All other writers appear to have accepted his estimate as an established fact, with the result that the vital point of the true rate of interest on farm mortgage loans has never been discussed by anybody.

It is probable that any considerable number of inquiries regarding interest on farm loans in the Southwest would indicate that the rate is high, and that the total expense connected with securing mortgages there would bring the average rate to eight and one-half per cent. per annum. It would, however, be misleading to assume that because this was the case in that corner of the United States, precisely similar conditions exist everywhere else, and that, therefore, the grand total of farm indebtedness can be multiplied by eight and one-half per cent. to ascertain the annual interest charge for the country as a whole.

On the contrary, the rate of interest in certain Rocky Mountain and Southwestern States is far higher than in most parts of the country, and the number of farms and the amount of farm mortgages reported for these States is much smaller than in other sections. As the rate of interest prevailing in that section is wholly abnormal, and applies only to a relatively insignificant portion of the farm indebtedness of the country, it follows that all discussions based upon the assumption that the rate thus ascertained is the average rate of interest for the country as a whole are misleading.

Let us endeavor, therefore, to discover what the actual rate of interest is in each part of the United States, and the proportion of the entire farm indebtedness of the country to which that rate applies.

Unfortunately, the Census Bureau, which reports regularly upon the number and amount of the mortgages placed upon farms operated by the owners, has never yet endeavored to ascertain the rate of interest at which these loans were placed, or the various expenses incidental to placing them.

In order to ascertain these facts definitely letters were written to leading attorneys in close touch with the farm mortgage situation in their respective localities, asking them what was the average rate of interest at which such loans were placed in their respective States, and the average expense attached thereto. The replies to these letters are tabulated herewith in connection with a table contained in the Bulletin on Farm Mortgages just issued by the Census Bureau. This table showed that the number of farms operated by owners in the United States was 3,948,722, of which 1,312,-084, or 33.6 per cent. were mortgaged. Statistics as to the amount of indebtedness, however, were unfortunately not compiled for all of these farms, but the report on that point covers only farms operated by owners owning the entire farm—a distinction of very little apparent value. The number of such farms was reported at 1,006,511, the total value of lands and buildings at $6,330,236,951, and the amount of indebtedness at $1,726,172,851. Fortunately, the statistics are carefully divided as to States and thus enable us to ascertain authoritatively the proportion

DIVISION OR STATE	Total number of farms operated by owners, 1910	MORTGAGED FARMS* Number	Amount of debt	Average rate of interest
United States	3,948,722	1,006,511	$1,726,172,851	
NEW ENGLAND:				
Maine	56,454	13,894	11,738,529	5-6
New Hampshire	24,493	5,666	4,773,610	5-6
Vermont	28,065	12,138	12,436,091	6
Massachusetts	32,075	12,030	16,371,484	5½-6
Rhode Island	4,087	1,001	1,356,326	6
Connecticut	23,234	9,062	11,869,468	5-6
MIDDLE ATLANTIC:				
New York	166,674	62,555	97,309,848	5½-6
New Jersey	24,133	10,666	19,476,938	5½-6
Pennsylvania	164,229	44,999	61,539,433	5½-6
EAST NORTH CENTRAL:				
Ohio	192,104	42,785	63,788,397	6
Indiana	148,601	40,108	57,486,582	5½-6
Illinois	145,107	36,938	115,799,646	5
Michigan	172,310	68,655	75,997,030	5-7
Wisconsin	151,022	69,398	146,815,313	6
WEST NORTH CENTRAL:				
Minnesota	122,104	41,775	77,866,283	5
Iowa	133,003	50,452	204,242,722	5
Missouri	192,285	64,028	112,665,403	5
North Dakota	63,212	19,187	47,841,587	6
South Dakota	57,984	11,313	32,771,369	5-5½-6
Nebraska	79,260	19,778	62,373,472	5-5½
Kansas	111,108	30,442	70,819,736	5½-6½
SOUTH ATLANTIC:				
Delaware	6,178	2,021	3,068,721	5-6
Maryland	33,519	10,754	15,673,773	6
District of Columbia	118	20	56,100	6
Virginia	133,664	17,410	15,440,291	6
West Virginia	75,978	7,878	5,592,533	6
North Carolina	145,320	19,252	9,958,389	6
South Carolina	64,350	11,189	10,109,072	7-8
Georgia	68,628	13,839	10,988,400	6-7
Florida	35,399	4,159	2,709,970	8
EAST SOUTH CENTRAL:				
Kentucky	170,332	25,846	23,411,430	6
Tennessee	144,125	17,362	12,626,330	6
Alabama	103,929	19,230	10,350,577	8
Mississippi	92,066	22,844	13,381,306	5-6
WEST SOUTH CENTRAL:				
Arkansas	106,649	16,565	8,941,332	8
Louisiana	52,989	7,520	8,950,301	7-8
Oklahoma	85,404	24,688	27,384,765	5½-8
Texas	195,863	48,024	76,089,272	8
MOUNTAIN:				
Montana	23,365	3,990	10,741,280	7-8
Idaho	27,169	7,594	14,557,103	7-8-10
Wyoming	9,779	1,531	4,207,983	8
Colorado	36,993	7,571	18,986,026	8
New Mexico	33,398	1,397	2,590,282	8
Arizona	6,203	813	2,253,252	10-12
Utah	19,762	3,526	4,564,175	8
Nevada	2,175	309	1,464,084	8
PACIFIC:				
Washngton	47,506	12,715	26,644,651	8
Oregon	37,796	10,274	21,165,627	7-8
California	66,632	21,430	60,036,660	8
GEOGRAPHIC DIVISIONS:				
New England	168,408	53,791	58,535,508	5-6
Middle Atlantic	355,036	118,220	178,326,219	5½-6
East North Central	809,044	257,884	459,886,968	5½-6
West North Central	758,946	236,975	608,480,562	5½
South Atlantic	593,154	86,522	73,597,258	6
East South Central	510,452	85,282	59,769,643	6-6½
West South Central	440,905	96,687	121,365,670	7-7½
Mountain	160,844	26,731	59,364,185	8
Pacific	151,933	44,419	106,846,838	8

*Operated by owners owning entire farm.

indebtedness of the coun- ...ect to high rates of in- ...tion placed in States ...terest is low. This ...he entire discus- ...ng table, show- ...d farms for ...tistics of ... indebt- ...terest ...ulted, ...s that are rates, and the ...ebtedness in States ...vailing rate of interest

...king the first group as given in the census returns above tabulated, it will be seen that the average rate in New England is not far from five and one-half per cent. Farm mortgages in that section usually run from three to five years and expenses incident to placing such loans are moderate—seldom amounting to more than two per cent. This, of course, must be distributed over the period covered by the loan to ascertain the average annual expense, but in this connection it is important to note that a large proportion of the mortgages in this section are of long standing and are extended or renewed regularly at very trifling expense. Making due allowance for these, I do not believe that the annual gross rate of interest in New England—including all expenses—would average more than one-half per cent. higher than the recorded rate. Taking the latter to be about five and one-half per cent. as reported by the attorneys consulted, the gross interest charge for New England would be about six per cent. instead of eight and one-half per cent. as stated.

In the Middle Atlantic group, comprising New York, New Jersey and Pennsylvania, the reports indicate a slightly higher rate than in New England, but averaging below six per cent. as the recorded rate. The New York mortgage tax of one-half per cent. increases the first cost in that State, but the general situation with respect to the usual term of mortgages being from three to five years, with a large portion renewed regularly at fairly moderate expense, is the same in this group as in New England. The average gross annual cost, therefore, may fairly be placed at about six and one-half per cent.

Passing now to the East North Central division, consisting of the great States of Ohio, Indiana, Illinois, Michigan and Wisconsin, the average recorded rate reported varies somewhat, being as low as five per cent. for Illinois—a State where the total value of mortgage loans is double that of all the New England States combined. The general average for the entire region is slightly below six per cent. for the recorded rate, making the gross rate here probably about six and one-half to six and three-quarters per cent. The total of mortgage loans for this group is given as $459,886,968, which is one-fourth of that for the entire United States.

In the West North Central group the average recorded rate is the lowest reported in the country and the number and amount of farm mortgage loans are by far the largest for any group, aggregating a third of the total for the whole country. In three States—Minnesota, Iowa and Missouri—the average rate reported by the attorneys consulted is five per cent., while these States lead all the others in the group in both number and amount of mortgage loans, Iowa, in fact, leading the whole country in this respect. The average recorded rate in this section is, therefore, only about five and one-half per cent., but costs for placing and renewal are considerably higher than in the two Eastern groups first mentioned —averaging possibly as much as one per cent. per annum. This would make the gross rate six and one-half per cent.

In the South Atlantic group the average rate in every State except Florida and South Carolina is six per cent., and even less in Delaware. The higher rate given for South Carolina is chiefly for undesirable loans, the gross amount of which is small in proportion to the whole, while the total amount reported for Florida is only three per

cent. of that for the section. In the West South Central group the prevailing rate is also six per cent., with the exception of Alabama, while some loans in Mississippi are reported at five per cent. It is clear, therefore, that in these two sections the average rate is not in excess of six and one-quarter per cent. Allowing one per cent. per annum for placing or renewing these loans, the gross rate for the two sections would be seven and one-quarter per cent.

For the remaining groups it may be conceded that the average rate is as high as eight and one-half per cent., and in many of them the recorded rate is in excess of that amount, bringing the annual interest charge, including cost of placing and renewal, to an even higher figure. But the total sum loaned in the Mountain and Pacific groups combined is less than that for the single State of Iowa, so that if we allow that the gross rate in these sections is nine per cent. it will still have but a slight effect on the average rate for the country as a whole.

Assuming that the gross annual rates above indicated are fairly correct, namely, for New England, six per cent.; Middle Atlantic group, six and one-half per cent.; East North Central and West North Central, six and one-half; South Atlantic and East South Central, seven; West South Central, eight and one-half, and Mountain and Pacific groups nine per cent., we would have an average for the country as a whole of 6.9 per cent.—such would be the effect of the low rates prevailing in the groups where the total amount of mortgage loans is the heaviest.

Mortgages on Tenant Farms.

This, however, is only a portion of the correction that must be made in the eight and one-half per cent. interest rate. So far we have been considering the mortgage rate on farms operated by owners, which is the first of the three divisions of farm mortgage debt as classified above. The second division, mortgages on tenant farms, is generally estimated to be paying the same percentage, both as regards the recorded rate of interest and incidental charges, as mortgages on farms operated by the owners. Considerable inquiry on this point convinces me that this is very far from being the case, and that most tenant farms, when mortgaged at all, are on a very much lower basis both as regards the recorded rate and incidental charges. As a rule these farms are owned by men of wealth who are in position to secure the most advantageous terms; frequently they are owned by real estate operators who, of course, have to pay the minimum charges for placing or extending their mortgage loans. Throughout the Mountain and Pacific regions very large farm loans are easily placed at six per cent. even though the average prevailing rate for ordinary loans is eight per cent. or more, and many of these farms are operated by tenants. I believe that the average rate on mortgages placed on tenant farms the country over is from one-half to one per cent. lower than on farms operated by owners.

Probable Rate Below Eight Per Cent.

Making due allowance for this fact, therefore, it is doubtful if the average gross rate of interest on farm mortgages in the United States is more than six and one-half per cent. instead of eight and one-half estimated. This is not an excessive rate as compared with similar loans on small urban and suburban properties. Nor, when all the circumstances connected with the placing of these loans are taken into account, can it be considered an unduly burdensome rate. That it would be an excellent thing for the farmers if they could secure the capital they require at a still lower rate of interest of course does not require argument, but until the general earning power of money in this country is more nearly on a par with what it is in Europe, it is doubtful if capital could be invested in farm mortgages in large amounts at much lower rates than at

present. At all events, in discussing this question let us first be certain as to our facts and not go on indefinitely upon the assumption that the farmers of the country are paying an interest charge of eight and one-half per cent. per annum when more extended and exact investigation might show that the actual rate is nearly a fourth less.

It is not claimed that the foregoing analysis completely disproves the eight and one-half per cent. assertion. Like the gentleman who made that estimate, I have obtained my information as to the average rate in the different States "from the best available sources"—in my case the leading attorneys engaged in handling this class of business for Eastern investors. Only an organization like the Census Bureau could completely settle the question, but I believe that the facts as I have presented them will convince those to whom the matter is of importance that the statement that the gross annual interest rate on American farm mortgages is eight and one-half per cent. is very far from being so axiomatic as to be thoughtlessly accepted as true by everybody. On the contrary, when the facts regarding the farm mortgage business of the country are taken into consideration, the statement is clearly seen to be extremely improbable. If this attempt to question it results in a more careful investigation of the entire subject its purpose will have been accomplished.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Check

ACCOMMODATION—OVERDRAFT.

Supreme Judicial Court of Massachusetts, Jan. 28, 1913.

NEAL VS. WILSON.

A creditor who has taken an accommodation check may sue thereon, though he knew when the check was given that it was for the accommodation of the creditor.

Where one gives a check to a bank to make good the overdraft of another person, the bank may sue on such check though it was given at the solicitation of the cashier.

LORING, *J.*—[1] This was an action by the receiver of the American National Bank against the drawer of a check which on presentment had been dishonored by the drawee. On the day on which the check was drawn the defendant went to the bank with one Craig, who admittedly was a clerk of Pearson. The defendant testified that the cashier of the bank told him (the defendant) that Mr. Pearson's account with the bank was overdrawn to the amount of $250; that Mr. Pearson was in New Hampshire and "it was along about half-past one or quarter of two"; and that "he had spoken to Mr. Craig about having me put up a check of $250 to close the overdraft, and he said if I would do this, that he would hold me harmless and return the check to me in a day or two, as soon as Pearson arrived in town"; that he [the defendant] thereupon drew the check here sued on and handed it to the cashier of the bank. On cross-examination the defendant testified that he knew that the check was to be deposited to the credit of Pearson's account with the bank to make that account whole. Although it does not affirmatively appear in the bill of exceptions, it was stated at the argument that the jury were instructed that if the cashier did agree to hold the defendant harmless, as he testified, it was

a defense. As to this defense see Davis vs. Randall, 115 Mass. 547. The jury found for the plaintiff. Before the case was submitted to the jury the presiding judge, at the plaintiff's request, ruled that "there is no evidence in this case to warrant a verdict for the defendant, on the ground that the bank of which the plaintiff is receiver was the accommodated party." An exception taken to this ruling is the only question presented in this case.

[2] Where a defendant for the accommodation of a debtor and without consideration gives his note or check to a creditor of the debtor in payment of or as security for the debt due from the debtor to the creditor, he is liable to the creditor on the note or check. That is the rule of the negotiable instruments act (R. L. c. 73, § 46). which governs the case.

[3] The negotiable instruments act in this regard is a codification of the common law. The creditor who has accepted it can recover on the accommodation note or check. (Pacific Bank vs. Mitchell, 9 Metc. 297; Thompson vs. Shepherd, 12 Metc. 311, 46 Am. Dec. 676; Lowell vs. Bickford, 201 Mass. 543, and the fact that the creditor knew that the note or check was given for the accommodation of the debtor is not a defense (Tucker vs. Jenckes, 5 Allen, 330; Indian Head Bank vs. Clark, 166 Mass. 27; Neal vs. Scherber, 207 Mass. 323, for that is the purpose of the transaction. In such a case, however, the debtor cannot sue on the note or check, for as to him the note or check is a mere gratuity (Quinn vs. Fuller, 7 Cush. 224; Corliss vs. Howe, 11 Gray, 125; Nesson vs. Millen, 205 Mass. 515.)

[4] We understand the defendant's contention on the question raised by this ruling to be that on his testimony the jury were warranted in finding that the check here sued on was given at the solicitation of the cashier of the bank and not at the request of Pearson, who was in New Hampshire at the time, and that if the jury so found the plaintiff and not Pearson was the "party accommodated" within the rule that the party for whose acommodation a note or check is given cannot sue on it, for as to him it is a mere gratuity. But even if the note was given at the cashier's solicitation it was confessedly given to be passed to the credit of Pearson's overdrawn account in order to make the account whole. That is to say, it was given for the accommodation of Pearson who was the debtor, and not for the accommodation of the bank, which was the creditor. The entry must be:

Exceptions overruled.

Waiver

OF DEMAND—OF NOTICE.

Supreme Judicial Court of Massachusetts, Jan. 28, 1913.

HALL ET AL VS. CRANE

The conditions upon which an indorser is liable, viz., (1) that there shall be demand upon the party primarily liable, and (2) that if the paper be dishonored due notice be given to the indorser, are distinct and independent of each other.

A waiver of demand, therefore, is not a waiver of notice of dishonor.

THE promissory notes involved in action were indorsed by defendant, who wrote over his signature the words: "Waive demand." No notice of nonpayment was sent to the defendant.

HAMMOND, *J.*—[1, 2] At the time of the indorsement the defendant made a written waiver of demand; and the only question is whether as matter of law that was a waiver of notice. Plainly it was not.

The liability of an indorser is conditional, the conditions being, first, that at the maturity of the note there shall be a demand upon the maker for payment, and, second, that if the note be not then paid due notice thereof shall be given to the indorser. And these two conditions are distinct and independent of each other. Either can be waived and the other insisted upon. Neither upon principle nor by the great weight of authority is a waiver of one without more a waiver of the

other as a matter of law. Berkshire Bank vs. Jones, 6 Mass. 524, § 106; Drinkwater vs. Tebbetts, 17 Me. 16; Burnham vs. Webster, 17 Me., and in the other cases cited by the defendant.

It follows that there was no error in excluding evidence that there were other types of escalators. We do not intimate that had it not been for this that evidence would have been admissible.

Exceptions overruled.

Negotiable Instruments Law

WISCONSIN STATUTE—DISCHARGE OF INDORSER—RELEASE OF COLLATERAL.

Supreme Court of Wisconsin, Jan. 28, 1913.

STATE BANK OF LA CROSSE VS. MICHEL.

Under the provision of the Negotiable Instruments Law of Wisconsin that "a person secondarily liable on the instrument is discharged * * * by giving up or applying to other purposes collateral security applicable to the debt," the surety is discharged only to an extent corresponding with the value of the security given up or applied to other purposes.*

WINSLOW, *C. J.*—This is an action brought against the surety upon a promissory note of $2,500. The defense was that the plaintiff had in its hands collateral security turned out by the principal to secure the payment of the note and applied said security to the payment of the principal's debt to another bank, and that by this act the surety was wholly discharged under the provisions of the Negotiable Instrument Law (section 1679-1, subd. 4a, St. Wis.).

The trial court found that the plaintiff bank applied the sum of $1,881 of funds received by it from the sale of goods pledged to it by the principal debtor, as collateral for the note in suit, to the payment of the principal debtor's note to the Security Savings Bank, which note the plaintiff was under no legal obligation to pay. As a conclusion of law the court found that the defendant was entirely released from his liability as surety under the section of the Negotiable Instrument Law before cited, and dismissed the complaint.

The appellant contends that the defense found to exist by the court was not sufficiently pleaded, and that the evidence was insufficient to support the findings of the trial court. We do not deem it necessary to treat these contentions. We find no merit in them, and therefore overrule them without discussion.

[1] The difficult question presented by the case is a legal one, namely, under the Negotiable Instrument Law (Wis. Stats. § 1679—1, subd. 4a) is the surety discharged of his entire liability when the creditor gives up or releases collateral security to an amount less than the debt? In other words, does the release of collateral securities release the surety pro tanto only? In the present case the note which the defendant signed as surety was for $2,500; the collateral applied to the discharge of another debt by the creditor amounted to $1,331; was the surety discharged in full, or was he only discharged to the amount of the collateral which the creditor diverted to another use?

The circuit judge held that the surety was wholly discharged, basing his conclusion upon the wording of the section of the Negotiable Instrument Law last cited. That section declares that: "A person secondarily liable on the instrument is discharged; * * * (4a) By giving up or applying to other purposes collateral security applicable to the debt, or, there being in the holder's hands or within his control the means of complete or partial satisfaction, the same are applied to other purposes."

There is no question but that the construction given to this section by the trial court is a natural construction, and, if it be the only construction of which the words are reasonably susceptible, the court must adopt it. But is it the only construction which can rea-

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* This provision does not appear in the law as enacted in the other States. As in the case of some other local amendments, it seems to have been ill-considered and awkwardly expressed.

sonably be given to the words? We think not. So far as the surrendered security goes, the surety *is* discharged. In ordinary speech and writing an elliptical phrase of this kind is very common.

True, the expression is not strictly accurate in a case of this kind; but we believe that it is not infrequently used. Suppose in the present case that a person familiar with the facts had said to the responsible officer of the plaintiff bank at the time of the release of the $1,331 of collateral, "By that act you have released the surety," it would certainly have been very natural for the officer to ask at once, "Do you mean released entirely or only released pro tanto?" Now, if the words were only capable of one meaning, such a reply would neither be natural nor supposable.

While one would hardly expect colloquial or inexact expressions in a statute, it is unquestionably true that statutes do sometimes contain such expressions, and the question is whether that is not the case here. The idea that a surety for $1,000 indebtedness is to be wholly released because the creditor gives up $5 worth of collateral shocks the sense of fairness and justice. If there be another construction which may rightly be placed on the language which will obviate such a palpably unjust result, that construction should be used.

In considering whether the words used in the section should have their exact and precise meaning, or whether they should be given their colloquial and inexact meaning, it is not only proper to consider the fact, if it be a fact, that the exact meaning would lead to unjust if not absurd results, but also to consider the defects or failings in the existing law which the act was expected to correct and the general object which the lawmakers had in mind.

It is very well known that the Negotiable Instrument Law was the result of a widespread conviction that it would be a great benefit to the American business world if the laws governing negotiable instruments could be made uniform throughout the country, instead of being diverse in many particulars in nearly every State. The law was prepared with the hope that it might be adopted practically without change in all of the States.

[2] The purpose of the law was, not to make radical changes in long-established and fundamental principles, but to wipe out the many differences in minor details existing between the laws of the various States by adopting in each case of difference that uniform rule which was best adapted to the needs of the business world. The idea was to secure uniformity by wiping out small differences, not to change the general principles of commercial law. When, in 1899, the law was presented to the Legislature of Wisconsin, it was accompanied with exhaustive notes to many of the sections, giving not only the Wisconsin authorities which support or bear upon the principle stated in the section, but also references to the decisions of other States and to the American and English Encyclopedia. These notes bear evidence of careful preparation by a good lawyer, and it is very suggestive to note that, in cases where the rule in Wisconsin was changed by the law, the annotation states the fact at the foot of the section, and gives the authorities overruled by it. See sections 1675—2, 1675—6, and 1676—28. It was evidently the purpose to call attention to any significant changes made by the bill in the Wisconsin law.

Section 1679—1, as it appeared in the original Negotiable Instrument Law which had been adopted in other States, provided that a person secondarily liable on a negotiable instrument should be discharged in six different ways, viz.: "(1) By any act which discharges the instrument; (2) by the intentional cancellation of his signature by the holder; (3) by the discharge of a prior party; (4) by a valid tender of payment made by a prior party; (5) by a release of the principal debtor, unless the holder's right of recourse against the party secondarily liable is expressly reserved; (6) by an agree-

ment binding upon the holder to extend the time of payment, or to postpone the holder's right to enforce the instrument, unless made with the assent, prior or subsequent, of the party secondarily liable, unless the right of recourse against such party is expressly reserved, or unless he is fully indemnified." When, however, the bill was presented to the Legislature of 1899, another sub-section was added to the above list and named "4a," and that sub-section was the one already quoted in this opinion providing for the discharge of the surety when the creditor gives up or applies to other purposes collateral securities pledged for the debt. There was an excellent reason for adding this new sub-section, for this court had laid down that principle in Plankinton vs. Gorman, 93 Wis. 560, 67 N. W. 1128 (June, 1896), and it seems to be demonstrated that the new sub-section was based upon this decision by the fact that the syllabus of the Plankinton case is quoted in full in the note to the entire section under the heading, "Releasing Security." It is equally clear that there was no intention to change the law as laid down in Plankinton vs. Gorman, but rather an intention to incorporate the principle of that case in the Negotiable Instrument Law, because no mention is made in the note of any change in the law of Wisconsin, and it is quite plain that the Plankinton case is cited as the basis upon which sub-section "4a" rests.

Now Plankinton vs. Gorman does not lay down the principle that a surety on a note is wholly discharged by the release of collateral securities by the creditor, however inconsiderable in amount. That was a case where the creditor had an interest in the assets of the principal debtor which, if enforced, would have satisfied his entire claim, and he voluntarily released the same, and it was held that he thereby released the indorser upon the note. Nothing was said in that case about the effect of a release of security insufficient in amount to pay the debt because no such case was before the court. The rule was briefly stated that, where a creditor has a lien upon the principal debtor's property *for the payment* of his debt and releases it voluntarily without attempt to obtain satisfaction of his debt, the surety is released. It was not necessary in that case to go further; but the idea that it was intended in that case to hold that the release of a few dollars' worth of collateral security would wholly discharge a surety upon a note for thousands of dollars is repelled by the authorities cited in support of the general doctrine. Examination of those authorities and especially the case of Rees vs. Berrington, 2 Vesey, Jr., 540, 3 White & Tudor's Leading Cases in Eq., Hare and Wallace's Notes, 529, shows that the principle upon which they rest is the principle of pro tanto discharge and upon that alone. In the notes to the last-cited case, at page 552, the doctrine is thus laid down with a wealth of authority: "When the property of the principal has been attached or taken in execution by the creditor, * * * or when it has been voluntarily delivered to him as security for the debt, * * * the lien thus acquired cannot be relinquished without discharging the surety *to an extent corresponding with its value.*" This has unquestionably been the principle of the common law from the earliest times. It is also the rule of reason and justice. Must the court now hold that a harsh, drastic and inequitable rule has been substituted for it by the Negotiable Instrument Law, when no intimation is given in the notes that the law has been so radically and unconscionably changed? We think not.

It is provided in the law itself (section 1684-6) that the notes may be resorted to for purposes of construction and interpretation. In our judgment the notes to this section point unmistakably to the conclusion that it was intended by sub-section "4a" to incorporate in the law the principle decided in Plankinton vs. Gorman, and that principle was unquestionably the old equitable principle of discharge pro tanto as is demonstrated by the authorities relied upon in the opinion.

Probably it did not occur to the person who drafted the sub-section and inserted it in the section that any other construction could be given to it. We see now that there is another very natural construction which may be given to it; but, as we are satisfied that it is susceptible at least of the limited construction which renders it equivalent to the long-established and unbroken rule of courts of equity, we feel that it is our duty to give it that construction.

We have not so far in this discussion referred to the case of Lowe vs. Reddan, 123 Wis. 90, 100 N. W. 1038, 3 Ann. Cas. 481, because the transactions in question in that case all took place before the passage of the Negotiable Instrument Law, and hence that law had no effect upon them, and was not mentioned in the case. It appears by reference to the printed case that the note in that case was given May 18, 1896, was due August 18, 1896, and that the alleged release of security took place at or about the latter date.

But while the Negotiable Instrument Law was not involved or discussed in that case, the general equitable principle was discussed, and a very large number of authorities are there cited, showing not only that the rule of pro tanto discharge in such a case as the present has been held by the authorities from time immemorial, but that the case of Plankinton vs. Gorman, plainly recognized that rule.

It follows that the plaintiff was entitled to judgment for the amount due upon the note after deducting the sum of $1,331, which is to be reckoned as a payment made upon the note as of the date of its diversion to other purposes, to wit, January 3, 1910.

Judgment reversed, and action remanded, with directions to render judgment for the plaintiff in accordance with this opinion.

NOTES ON CANADIAN CASES AFFECTING BANKERS

(Edited by John Jennings, B. A., L.L. B., Barrister, Toronto.)

Bank President — False Returns

CRIMINAL LAW—INDICTMENTS AGAINST PRESIDENT OF BANK FOR FRAUDULENTLY MAKING FALSE RETURNS UNDER BANK ACT. SEC. 153.

REX VS. NESBITT (4 O. W. N.—747).

THIS was a motion by the defendant, formerly president of the Farmers Bank of Canada, now insolvent, to quash several indictments found against him by the grand jury at the Winter assizes in Toronto. Further facts appear sufficiently from the judgment.

Judgment (Middleton, *J.*)—This motion was heard before me on January 31, and at the conclusion of the argument I gave judgment quashing the indictments, saying that my reasons for so doing would be given later. Afterwards, on the same day, I was informed that the accused had died. Nevertheless, I think I ought formally to state my reasons for the action taken.

The accused was president of the Farmers Bank of Canada, now in liquidation; and, after having left Canada, he was extradited from the United States upon several charges of having made false returns to the Minister of Finance, under the Bank Act.

The provision of the Bank Act applicable is Sec. 153, which renders penal "the making of any wilfully false or deceptive statement in any account, statement, return, report or other document respecting the affairs of the bank."

The extradition treaty schedules a list of the extraditable crimes. The Crown relied for extradition upon Number 9, which is as follows: "Fraud by a bailee, banker, agent, factor, trus-

tee or by a director or member or officer of any company, which fraud is made criminal by any act for the time being in force."

It is said by counsel for the accused that the offense of "wilfully making a false return" is not "fraud by a banker," within the extradition treaty, and that the Crown cannot improve its position by charging, as is done in these indictments, that the false return was fraudulently made.

With this contention I agree. The extradition treaty does not purport to make any offense committed by a banker against the law of the land an extraditable offense, but only fraud which "is made criminal by any act for the time being in force." This prevents the crown from resorting to the device of charging an offense of which fraud is not an essential ingredient and adding to that charge the word "fraudulently."

The offense with which the accused might be charged is the statutory offense of wilfully making a false return. The Crown has substituted for the word "wilfully" the word "fraudulently"; and so, for the purpose of bringing the matter within the extradition treaty, charges the accused with something differing from the statutory offense of which he may or may not have been guilty.

If this were an ordinary case, not complicated by the necessity of bringing the matter within the Extradition Act, the difference between the offense as defined by the Bank Act, and that as charged by the Crown might be regarded as immaterial, or at all events as subject to an amendment; but where, as here, the use of the words is deliberate and in no way immaterial, the situation is wholly different.

The kind of fraud falling within the extradition treaty is that indicated by Secs. 412 et seq. of the Criminal Code, which bear a general caption "Fraud and Fraudulent Dealing with Property." These sections, I think, point to the kind of thing which was intended to be made extraditable. * * *

These serve as illustrations of the kind of fraud which is thus rendered punishable under the law to which the extradition treaty applies. It is not everything which is criminal or reprehensible that is intended to be included; for we find, separately catalogued, forgery, larceny, embezzlement, obtaining money or securities by false pretences, robbery, threatening with intent to extort, and perjury —all more or less akin to fraud; which it would be unnecessary to catalogue separately if intended to be covered by the same general words.

Therefore, the indictments must be quashed, as they depart from the Bank Act and charge an offense different from that thereby created.

Debt—Attachment

ATTACHMENT OF DEBTS—MONEY DEPOSITED IN BANK AT BRANCH OUT OF ONTARIO.

MCMULKIN VS. TRADERS BANK OF CANADA (26 O. L. R.—1).

Under Con. Rules 911 et seq., a debt may be attached to answer a judgment, (a) if the garnishee is within Ontario, or (b) if the garnishee is out of Ontario, and the case would fall within one or more of the clauses of Con. Rule 162 (as to service of original process out of Ontario), if the judgment debtor was himself seeking to assert his rights within Ontario.

The money attached was deposited by the debtor in a branch in the Province of Alberta of a bank having its head office in Ontario. The attaching order was served on the bank at its head office and reached the branch in Alberta before any demand by the debtor:

Held, that the order should be made absolute.

The King vs. Lovitt (1912), A. C. 212, distinguished upon the ground that the Rules as to attachment of debts are not based upon the locality of the debts.

The question whether the judgment of an Ontario court would be accorded recognition in a foreign country is not one to be considered by the court.

The circumstances are fully set out above.

JUDGMENT (FALCONBRIDGE, *C. J. K. B.;* TEETZEL and MIDDLETON, *J.J.*)—Mr. Justice Middleton, after summarizing the facts and the rules of

court applicable to the issue, proceeds as follows:

The rule does not proceed upon any theory as to the situs of the cause of action to be taken in execution, but proceeds upon the theory that the creditor has a right to be subrogated to the position of his debtor, and to assert, for the purpose of enabling him to obtain satisfaction of the judgment, any right which the debtor himself could assert. If the garnishee is within Ontario and can be served within Ontario, the judgment creditor is given the right to collect any debt due to him by the judgment debtor. If the garnishee is not within Ontario and cannot be served within Ontario, then a debt cannot be collected under this process unless it falls within the classes enumerated in Con. Rule 162.

This narrows the question for determination to an enquiry whether the debtor could himself sue in Ontario to recover the debt due him by the garnishees.

Before the decision of the Privy Council in The King vs. Lovitt (1912), A. C. 212, no one would have doubted this right. The question in that case was not one between the bank and its customer. What was there discussed was the right of New Brunswick to claim succession duty with respect to moneys on deposit in the St. John branch of the Bank of British North America. The head office of the bank was in London, England; the domicile of the testator was Nova Scotia. The right of the Province to tax was said to be limited to assets within the Province. It was argued that the situs of this simple contract debt was either at the residence of the debtor—i. e., where its head office was, in London, England—or the domicile of the creditor, i. e., Nova Scotia. The Province claimed that the debt was a debt payable at St. John, and that it was primarily recoverable at St. John; the contract, properly understood, being a contract to be implemented at the branch of the bank at St. John. The Privy Council agreed with this, and thought that the locality of the debt was in truth fixed by the agreement between the parties, and that branch banks, although agencies of the bank itself, for certain purposes, may be regarded as distinct trading bodies.

Had our rules been based upon the locality of the debt to be taken in execution, this judgment would be conclusive against the attaching creditor; but, if I am right in thinking that this is not the test, then the decision has no application. The sole test given by our rules is the ability to serve within Ontario, or the ability to bring the case within Con. Rule 162 if service cannot be made within Ontario. Had the contract been made between two residents of Calgary, and had the promise been to pay at Calgary and nowhere else, so that the parties had given as definite and complete a locality to the debt as is possible in the case of simple contract debts, and had the debtor thereafter moved within Ontario, then the debt would none the less be liable to attachment under our rule, which merely requires the existence of a debt and presence of the debtor within Ontario. The debtor would not be exempt from suit at the instance of his original creditor if found and served within Ontario, because the courts of Ontario have universal jurisdiction in all personal actions, subject only to their ability to effect service within their own jurisdiction.

Upon the argument, much was made of the difficulty that might in some cases arise if the courts of Ontario were to assume authority to take in execution a debt of this kind, because, it was suggested, foreign courts might not accord to the judgment of the Ontario court any extra territorial recognition. It is a sufficient answer to this to point out that this is a question of policy, affecting those who make the law, and that it cannot be considered by the courts, who are called upon to administer the law as they find it.

But it is not likely that in this case any such question can arise, because, at the time of the original suit, the judgment debtor was resident within Ontario, and he appears to be still here,

as he was served with a notice of this appeal at Ingersoll.

The appeal should be allowed, and the garnishees should be directed to pay to the judgment creditor sufficient to satisfy the judgment debt and the costs of the attachment proceedings, of the issue and of this appeal.

Partnership — Judgment Against Firm

SUMMARY JUDGMENT—CON. RULE 608—ACTION ON JUDGMENT RECOVERED AGAINST PARTNERSHIP FIRM.

BANK OF HAMILTON VS. DAVIDSON (4 O. W. N.—749).

THIS was an appeal from the local judge at Hamilton allowing the plaintiffs to sign judgment in an action against John Davidson & Sons and Charles Hilton Davidson, brought upon the judgment recovered in 1892 against the firm of John Davidson & Sons.

JUDGMENT (LENNOX, *J.*)—The plaintiffs recovered judgment against the defendants, John Davidson & Sons, in an action upon their promissory note, on June 9, 1892. The defendant, Charles Hilton Davidson, was, at the time the writ issued in that action, a member of the firm; but the plaintiffs show that at the time this defendant was a fugitive from justice and out of Ontario. He was not served with the writ, did not appear, did not admit himself to be and was not adjudged a partner or member of the firm. The plaintiffs sue upon this judgment; the writ is endorsed for recovery of the amount of the judgment and interest and purports, and is contended to be, specially endorsed, within the meaning of Con. Rule 138. The plaintiffs, applying under the provisions of Con. Rule 603, have obtained judgment against the defendant, Charles H. Davidson. This defendant claims to have a good defense to this action upon the merits, duly entered an appearance and desires to defend.

With great respect I am of opinion that the learned local judge erred in granting the plaintiffs' application. I have not been referred to any case in which the rule has received judicial construction; but, to my mind, the concluding part of Con. Rule 228 is clearly sufficient to prevent the entry of judgment under Con. Rule 603. The last clause of Con. Rule 228 is as follows:

"Except as against any property of the partnership, a judgment against a firm shall not render liable, release or otherwise affect any member thereof who was out of Ontario when the writ was issued, and who has not appeared." Adding—and these qualifications have no application here—"unless he has been a party under Rules 162 to 167 or has been served within Ontario after the writ was issued." This is, I think, sufficient to bar the way to a summary judgment.

But, although resting my judgment, as I do, upon Con. Rule 228, it is not the only point. Here again I am not referred to any authority; and in the absence of authority to the contrary, I question whether a judgment can be made the subject of a special endorsement under Con. Rule 138. If it can, it can only be under clause (a), and this seems to be limited to a "simple contract debt," whether "express or implied." It is enough if it is doubtful—and every reasonable doubt is a reason for trial in the ordinary way.

The order and judgment of the learned local judge will be set aside, and the defendant, Charles Hilton Davidson, will be at liberty to defend the action, unconditionally.

The costs of the proceedings before the local judge and on this application will be costs in the cause.

On this judgment being vacated, the plaintiffs will have the option, before further costs are incurred by this defendant, to dismiss the action as against him individually without costs.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Lost Savings Bank Book

St. Louis, Mo., Mch. 14, 1913.

Editor Bankers Magazine:

Sir: In case a savings book is lost, do savings banks usually require a bond before issuing a new book? Teller.

Answer: The rules and regulations regarding lost pass books are usually made by the banks and vary with the States. It is not usual to require a bond, since a savings bank book is not a negotiable instrument.

Check—Time for Presentment—Delay—Discharge of Indorser

Buffalo, N. Y., Feb. 20, 1913.

Editor Bankers Magazine:

Sir: A deposits a check drawn upon a bank in Boston, which is indorsed by B. Through some mistake the check is sent to Chicago, and is not presented to the Boston bank for more than a week after its issue. It is returned marked "insufficient funds." Now, if it is shown that the drawer did not have funds on deposit sufficient to pay the check at any time after it was issued, is the indorser discharged? Is it not the rule that he would be released by the delay only in case the delay caused loss to him? Assistant Cashier.

Answer: As respects the drawer of a check, delay in the presentment for payment will operate as a discharge only to the extent of the loss caused by the delay. (Negotiable Instruments Law, Sec. 322, N. Y. Act.) But as to an indorser a different rule prevails. This difference was thus explained by the Court of Appeals of New York in Carroll vs. Sweet (128 N. Y. 19, 22): "The plaintiff on accepting the check assumed, as between himself and the defendant [the indorser] an obligation to present the same to the bank for payment within the time prescribed by the law merchant, that is to say, not later than the next day after its date, and if refused, to protest the same and give notice of non-payment (Smith vs. Janes, 20 Wend. 192.) It was not presented until the thirty-first day of August, nine days after it was received by the plaintiff. The defendant was, by such delay, discharged from liability as indorser of the check, irrespective of any question of loss or injury. Presentment in due time, as fixed by the law merchant, was a condition upon performance of which the liability of the defendant as indorser depended, and this delay was not excused although the drawer of the check had no funds, or was insolvent, or because presentment would have been unavailing as a means of procuring payment. (Mohawk Bank vs. Broderick, 10 Wend. 304; Gough vs. Staats, 13 Wend. 549.) A different rule obtains as between the holder and drawer of a check. As between them, presentment may be made at any time, and delay in presentment does not discharge the liability of the drawer unless loss has resulted. (Little vs. Phenix Bank, 2 Hill, 425.)"

Alteration—Change of Date—Effect of

Brooklyn, N. Y., Feb. 24, 1913.

Editor Bankers Magazine:

Sir: On February 15 A and B were closing up a piece of business, and A agreed to give B his note to mature on March 15, on which day B will have to pay off a mortgage on the property. The parties failed to recall that there would be but twenty-eight days in February, and dating the note February 15 made it payable in thirty days from date. Under these circumstances, would not B have the right to change the note so as to read "one month" instead of "thirty days," it having been

the express understanding that it should fall due on the same day as the mortgage?

A. B. C.

Answer: It is well established that a change in the date of a negotiable instrument whereby the time of payment is accelerated is a material alteration, and when made without the consent of the maker, destroys its validity. (Crawford vs. West Side Bank, 100 N. Y. 50; National Ulster County Bank vs. Madden, 114 N. Y. 280.) Where mistakes such as that described in the inquiry are made, the holder must not attempt to change the writing himself, but must apply to a court of equity to reform the instrument so as to conform it to the agreement of the parties.

Certified Check — Stopping Payment of — Refusal of Bank to Receive for Deposit

NEW YORK, March 3, 1913.

Editor Bankers Magazine:

I sold my place of business and received a certified check to my order in payment. Not having a bank account, I indorsed the check and gave it to a friend from whom I had borrowed some money, and as he had no bank account, he indorsed it and asked a friend of his to deposit it and when collected to pay over the proceeds. When the check was offered for deposit, the bank refused to take it unless the depositor gave it a bond to secure it against loss by reason of guaranteeing my signature and that of my friend. We were all very much surprised at this, thinking that a certified check was practically as good as cash, and then later on the bank to which the check had been offered for deposit, stated that payment had been stopped at the bank on which it had been drawn. Can a bank refuse to pay a certified check?

TRADESMAN.

Answer: Where a check is certified by the bank on which it is drawn, the certification is equivalent to an acceptance (Negotiable Instruments Law, Sec. 323, N. Y. Act), and the obligation of the bank is the same as that of any other acceptor. The drawer of the check, therefore, can no more stop payment than the drawer of a draft can authorize the acceptor not to pay. And when sued upon its certification the bank could not interpose a defense available to the maker; but where this is sought to be done, the maker must bring an action to recover possession of the check. As respects the bank to which the check is offered for deposit, it may refuse to receive the same, just as it may refuse to receive any other paper tendered by the depositor, and having the right to refuse to take it on deposit, it would have the right to impose any condition that it might see fit.

Insolvent Bank — Paper Payable at—Presentment of

———, PENN., Feb. 19, 1913.

Editor Bankers Magazine:

SIR: We hold paper payable at a national bank for which the Comptroller of the Currency has appointed a receiver. The banking rooms formerly occupied by the bank are now occupied by another institution, and the receiver has his office in another building. Where should the paper be presented in order to hold the indorsers?

CASHIER.

Answer: Where a national bank has been placed in the hands of a receiver, paper payable at the bank should be presented at the office of the receiver, and presentment should be made at his office though he has removed such office and the assets of the bank to another building in the same place. (Hutchinson vs. Crutcher, 98 Tenn. 421.)

How to Judge Public Service Bonds

BY HERBERT W. BRIGGS, EDITOR OF THE ROLLINS MAGAZINE.

THIS is the first of a series of elementary articles designed to assist the inexperienced investor in the analysis of the factors of safety that pertain to the bonds of public service corporations.

No attempt will be made to treat this broad subject scientifically and exhaustively. The writer will be satisfied if he can place at the disposal of his lay readers a rough framework for the intelligent appraisal of bond values.

The treatment naturally divides itself under three headings:

1. The financial factors of safety.
2. The legal factors of safety.
3. The commercial factors of safety.

Under these three headings may be catalogued practically every element that goes to make up the intrinsic value of a public service bond. Under each of these main headings there are two sub-headings that will furnish the basis for our treatment. These sub-headings are as follows:

1. The financial factors of safety.
   (a) Equity. (b) Earning power.
2. The legal factors of safety.
   (a) Mortgage. (b) Franchise.
3. The commercial factors of safety.
   (a) Business field. (b) Management.

This first article will consider *equity as a factor of safety.*

The safety of the principal of an investment is, beyond dispute, the most vital consideration. Corporation bonds are a debt of the corporation that issues them, as distinct from stocks, which represent ownership subject to any debts that may exist. They are secured by mortgage on property. In the case of default of principal or interest, the bondholders, through the trustee, may foreclose on the property that is mortgaged. It is obviously of great importance to know how much this property is worth. If the property is not worth as much as the par value of the bonds, it is clear that in case of foreclosure the bondholders will suffer loss. The excess of the value of the property over the par value of the bonds is the measure of the safety of the principal of the investment. This excess value is commonly known as equity.

EQUITY.

Perhaps the clearest way to illustrate the meaning of the word equity is to show it in terms of real estate, where its use is a little more commonly understood.

If you own a house that is worth $10,000 and create against it a first mortgage for $6,000, the excess of value over this debt is $4,000. The equity is thus $4,000, which in terms of ratio to the amount of debt, is 4,000-6,000, or 66⅔ per cent. Let us now suppose that you borrow $2,000 more on second mortgage. The second mortgage is a lien—which means a valid claim—on the property after the first mortgage has been paid. In other words, the second mortgage is a lien on the equity above the first mortgage, which we found to be $4,000. The equity above the second mortgage is thus $2,000, which, expressed in terms of ratio, is 2,000-8,000, or twenty-five per cent. above the sum of the first and second mortgages. This leads us directly to a financial definition of the term equity.

The equity over and above any se-

cured debt is the excess of the value of the property mortgaged over the par value of the said debt, and of all other debts of equal or superior lien.

What Constitutes Value.

Our further study of the meaning of the word equity now brings us to the important question of what constitutes value. For instance, what is the value of a house? Is it its cash cost? Not necessarily so, for the reason that the house may have depreciated so that it could be replaced as it stands for less money. Is it then its cash cost less depreciation to date? Not necessarily so, for the land may have increased in value or the neighborhood may have gone down hill so that the renting value of the property is less, or even if the house is worth what it would cost to replace it, in the opinion of the most expert real estate man, it may for some reason or other not be salable at that price. If the house must be sold to satisfy the mortgage, the equity must be determined by its value in the open market at the time at which it is offered for sale.

To carry the matter further, however, if the comparison between a piece of real estate and a public service corporation is to be made clearer, we must consider our house as an income-producing property. Let us assume that the house originally supposed to be worth 10,000, is rented for a term of years for $1,500 a year, whereas taxes and maintenance and interest on a $6,000 five per cent. mortgage amount to only $900 a year. There is a surplus of $600. This surplus is equivalent to ten per cent. per annum on $6,000. The value of the equity from the point of view of earning power, is not $4,000, but fully $6,000 and probably more. Do you suppose that the owner will ever have any difficulty in borrowing $6,000 on property that can by its demonstrated earning power, justify a valuation of over $1[illegible],000? Is

it not certain that when his mortgage matures he can renew it, perhaps even on more favorable terms, either with the same lender or with any one of several competing lenders.

The earning capacity of the house is the clearest measure of the equity, from the point of view of the man who is lending money on the mortgage. This brings us to the statement that real equity is, as a rule, more clearly determined by earning capacity over a period of years than by cash cost or replacement value.

As Applied to Public Service Bonds.

Bringing this matter of equity at last home to the bonds of a public service corporation, let us again analyze the different methods of determining equity by assuming a specific case. Let us take the property of a gas, electric light and power company, which represents a cash investment of $1,500,000. An engineer's appraisal of the replacement value of the physical property depreciated to date is $1,400,000 without allowance for franchises, good will, or interest during construction. The company has oustanding $1,000,000 first mortgage five per cent. bonds. The equity is $500,000, or fifty per cent. above the cash cost of the property. It is $400,000, or forty per cent., above the replacement value. But now what of the earning capacity? Sppose that the net earnings of the company are $150,000 a year. The annual interest at five per cent. on $1,000,000 bonds is $50,000. The surplus earnings are, therefore, $100,000, which is ten per cent. on $1,000,000 par value of stock. In view of this earning capacity, the stock has a ready market at 110, making the total market value of the stock $1,100,000. What is the real equity? Provided the company has demonstrated its ability to earn this surplus over a period of years, is it not fair to assume that the real value of the property is $1,100,000 in excess of the par value of its bonds; or $2,100,000 in all, irrespective of what the property cost, or what it would cost to replace it?

In buying public service corporation bonds it is important to know that the cash cost of the property and the replacement value of the property are reasonably in excess of the par value of the bonds. It is *essential* to know, that the earning power of the company is sufficient to show a good surplus over interest charges, for in the last analysis the surplus earnings over a period of years, reflected as a rule in the market value of the company's stocks, are the real test by which to determine intrinsic bond values.

The study of equity involves at least brief mention of various factors that govern the *stability* of equity.

Stability of Equity.

The maintenance of physical property is essential to the integrity of values and therefore of equities. If the physical property of a corporation is per-

mitted to depreciate from year to year there is an impairment of capital. It should be a matter of concern to the investor to know that the policy of the company whose bonds he is considering is sound, liberal and far-sighted with respect to maintenance and depreciation.

Sinking funds and improvement funds are sums of money set aside at stated intervals from earnings. Funds of this character are provided in the mortgages under which many corporation bonds are issued. These funds differ in their machinery of operation, but are identical in their effect on the equity above a bond issue. A sinking fund increases the equity by reducing the debt from time to time. An improvement fund increases the equity by increasing the value of the property, without increasing the debt.

Serial bond issues work out the same as sinking fund bond issues, the main point being the reduction of the debt and the increase of the equity irrespective of the method by which this result is produced.

In the next issue we shall take up more fully the matter of earning power as a factor in the safety of public service bonds.

The Cheerful Side

By C. P. Bond, of Turner, Tucker & Co.

INCREASED earnings by railroads and industrial corporations together with a growing list of dividend-paying stocks should inspire confidence in the hearts of investors and warrant them in expecting 1913 to be a prosperous year.

It is true that the expression of President Wilson's ideas regarding corporation law has caused some depression in speculative shares, but after second thought banking interests feel that the enactment of these ideas into laws will not be harmful to the legitimate investor and, in many instances, very beneficial.

Apprehension concerning the forthcoming revision of the tariff is less pronounced despite the fact that the time for rate-cutting is gradually approaching. It is generally believed that President Wilson's promise to revise the tariff in an orderly and careful manner will be carried out and that Congress, recognizing the wisdom of such a course, will govern its actions accordingly.

Enforcement of the provisions of the Sherman anti-trust law by the Government continues with unabated zeal, but as in the cases of the Oil, Tobacco and

Powder Trust, the owners of securities of corporations ordered dissolved are not expected to be hurt. On the contrary, dissolutions in some instances are expected to reveal concealed assets and result in the distribution of "melons." Prosperity is to be seen in every direction. Savings banks, which are the poor man's purse, report increased deposits. Hardly a day passes without adding another company to the list of dividend-payers or receipt of larger payments by shareholders. This reflects a general belief entertained by captains of industry and railroads of continued good business.

That there are better times ahead is indicated by the preparations being made by railroads and industrial companies for the future. During January these corporations disposed of more than $100,000,000 of new securities to secure funds for proposed improvements.

Flotation of these new securities has been facilitated by an improved demand for bonds and preferred shares. It is true that securities on the New York Stock Exchange have shown a declining tendency, but absorption of good securities has been going on steadily, owners of capital realizing that bonds, preferred and common shares could be picked up at very attractive prices. The volume of dealings on the floor of the Stock Exchange no longer mirrors the true demand for investment securities because there is considerably less speculation and much more real investment buying, usually through outside houses.

Heads of Northwestern railroads state that there is plenty of moisture in the soil this year, so that already there is reason for expecting good crops this year. With bountiful harvests, railroads showing increased revenues and established industrial concerns booked with orders assuring capacity operation for months economic conditions are very favorable for purchasing good securities.

Fretful investors who fear tariff cutting and legislation can place their funds in public service securities which cannot be effected by such things.

The Banks and the Bond Market

By Donald H. Armstrong.

WITH the exception of the larger cities, the average banker is poorly informed regarding bond values and the market. He favors low yield municipals rather than trust his judgment in seasoned railways or industrials. While the fluctuation between good and bad times might be turned into profit, it is the fear of this fluctuation which prevents the small banker from purchasing.

The larger and more conservative banks buy corporation bonds during a period of high money, when they are low, and sell them when money is cheap. Such banks not only receive an income of about four per cent. and a profit of from ten to even twenty per cent. on the sale, but are always in the strongest possible condition with very large reserves at the time of money stringency.

... the bond market ... advice of the larger ...ses, will enable the banks to ...ive greater income and will place them in a position to sell at a profit before the money is needed for reserve purposes and for the accommodation of local customers.

The American is a money-maker and a money-spender due to the rapid development and rise in prices over which he has had little control. This expansion and appreciation cannot last forever and when it is checked, the money, now invested in real estate and dubious companies in anticipation of future profits, will be diverted into the investment in high grade securities. The real profits of the farmer, the business man and the well managed corporation should naturally increase from year to year, but the speculative and future profit which we are now spending will decrease.

According to the newspaper reports and public opinion, we are entering a period of great prosperity, over-building, the diversion of capital in shipping, manufacturing, new enterprises and real estate, in anticipation of paying out and securing profit during a continued era of good times. This may prove true, but, at present, general conditions are practically the same as before the panics of 1837, 1857, 1873, 1884, 1893, 1903 and 1907.

European conditions are unfavorable. Germany has passed through a period of rapid expansion and cannot secure enough money to carry on her increased business. Russia narrowly averted a panic during the Balkan crisis by the Government's buying of Russian securities in the Paris market. England, owing to labor troubles and political unrest, is entering a depression which will eventually cost her the first place in Europe, unless stringent measures are taken and new methods of manufacturing and merchandising are installed to compete with Germany. Spain is nearing a revolution, which will overthrow the present monarchy or

cause the intervention of England in behalf of Queen Victoria.

During the present period of prosperity which should last eight or nine months it is the duty of every conservative bank to dispose of a large portion of its commercial paper, pending the next period of money stringency and panic conditions, which are coming if the examples of the past are of any value.

Such banks perform a great service both to depositors and borrowers by storing cash during periods of great prosperity when the public is willing to loan anybody and buy anything and then give out cash during periods of depression when the public refuses to loan solvent borrowers or to purchase the highest grade securities at a low price. Banks that perform these two functions, receive the highest rate of interest on their loans and a large profit from the sale of securities. Moreover banks which do not fulfill these two functions not only fail fully to serve their true purpose in the community, but also make much smaller profits and assume greater risks.

This article must necessarily be unpopular and open to criticism, but we know these facts to be true and there is nothing to be gained by refusing to accept them until it is too late to check the present conditions and tendency of inflated values.

Investment and Miscellaneous Securities

	Bid.	Asked.
Adams Express	135	145
American Bank Note com.	49	50¾
American Bank Note pfd.	52	54
American Brass	138	142
American Chicle com.	194	199
American Chicle pfd.	97	102
American Dist. Tel. of N. J.	52	55
American Express	162	168
Atlas Portland Cement com.	45	60
Atlas Powder Co.	90	95
Autosales Gum & Chocolate	18	24
Babcock & Wilcox	102½	105
Borden's Condensed Milk com.	114	115½
Borden's Condensed Milk pfd.	106	107½
Bush Terminal	60	70
Celluloid	134	138
Childs Restaurant Co. com.	168	174
Childs Restaurant Co. pfd.	110	112½
Computing-Tabulating-Recording	43½	46
Connecticut Railway & Light	71	74
Del., Lack. & Western Coal	285	305
E. I. du Pont Powder com.	130	138
E. I. du Pont Powder pfd.	92	97
Empire Steel & Iron com.	10	15
Empire Steel & Iron pfd.	40	45
General Baking Co. com.	18	22
General Baking Co. pfd.	69	73
Gray National Telautograph	5	9
Hercules Powder Co.	90	95
Hudson Companies pfd.	14	19
Hudson & Manhattan com.	2	4
Hudson & Manhattan pfd.	6	9
International Nickel com.	140	142
International Nickel pfd.	104½	106½
International Silver pfd.	130	134
Kings Co. E. L. & P.	120	123
New Jersey Zinc	500	600
Otis Elevator com.	80	82
Otis Elevator pfd.	97	99½
Phelps, Dodge & Co.	205	215
Pope Mfg. com.	..	25
Pope Mfg. pfd.	..	65
Pratt & Whitney pfd.	100	105
Royal Baking Powder com.	198	206
Royal Baking Powder pfd.	106	108
Safety Car Heating & Lighting	112½	114ex
Sen Sen Chiclet	114	119
Singer Mfg.	299	303
Standard Coupler com.	35	42
Union Ferry	13	17
Union Typewriter com.	32	34
Union Typewriter 1st pfd.	102	104
Union Typewriter 2d pfd.	99	101
U. S. Express	51	101
U. S. Express	51	55
Virginian Railway	15	20
Wells Fargo Express	112	115
Western Pacific	7½	9

Practical Banking Contributions Wanted

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods, systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

What Bankers Are Saying

Well-matured views of bankers and other financial men are tersely expressed in the sub-joined extracts, taken from addresses at bankers' conventions and from other sources.

SOME MODERN PROBLEMS.

By August Blum, Vice-President First National Bank, Chicago.

SPEAKING on "Some Modern Problems" recently before the Association of Commerce of Oak Park, August Blum, vice-president of the First National Bank of Chicago, after sketching existing conditions, said:

"I can conceive of only two lines of policy. The one is to make all reasonable concession to the spirit of the new democracy. We must reconcile ourselves to a somewhat wider function of governmental forces than we have witnessed under the old individualistic order. Whatever our theoretic views may be, we must rcognize that the Government, which means the people, through its collective organs, has a right to dictate and insist upon certain methods which square with an enlightened democratic spirit; has a right to prohibit unfair and oppressive methods in the treatment of competitors; has a right to insist that public corporations should treat man and man alike, that the financial status of great public corporations should be held to full publicity, and that conspiracies of whatever nature which lead to the injury of the public should be sternly prohibited and punished. If we all adopt this mental attitude much will have been gained.

"The second and higher task, however, is this: That we must all and each of us order our lives and our daily work in harmony not only with the foregoing conceptions but also with the dictates of high-mindedness and rectitude. Our true patriotism must consist in a line of conduct which squares with the noblest demands of religion and humanity. Salvation, after all, must come from within, and only a virtuous and intelligent people can be trusted to order its life on wholesome and enduring foundations. If all employers would treat their workers with kindness and consideration I venture to say many of the labor troubles from which we suffer now would cease. I know manufacturers who never have any trouble with their men; on the contrary, I have one in mind now who is said to get twenty-five per cent. more work out of his men than other manufacturers because he is their friend, gives them fair wages, and at the end of the year lets them participate in the profits of the concern. Also in this respect honesty is the best policy. A democracy can only be successful if it is made up of intelligent and virtuous citizens, and from this it follows as a corollary that the bringing up of the growing generation is our highest and most sacred concern. We must get at the root of things if we want to bring about a healthy growth."

BIGGER BANKS NEEDED.

By Sir Edmund Walker, President Canadian Bank of Commerce.

THE one thing that has never attempted to scale itself up in its organizations is the banking of the country. In other countries there are banks big enough to take care of the entire interest, or almost the entire interest, at all events, of these large industries, and by their association with them to exercise some discipline as to the expansion of such industries, and, which is much more important, to aid them in time of trouble. Indeed, we say in our country that no man or no concern in business that is abundantly solvent should ever fail; that if such a concern fails and then ultimately pays 100 cents on the dollar, that is a charge

really in itself against the banking system of the country.

So that what I mean by all this is that it seems to me that there ought to be not one big bank, but many big banks, in the country, if possible, which can scale themselves up to the industries of the country. One could say much more about that, but that is the general ideal.

THE REAL "MONEY TRUST" CONSISTS OF THE TRUST OF ONE'S FELLOW-MEN.

By H. L. Higginson, Boston, Mass.

IN many ways a bank is like any other shop. Every successful shopkeeper must offer his wares, and be able to deliver them when wanted. The grocer owns his sugar and flour; the shoe dealer owns his shoes; both of them can deliver their goods at once, but the banker does not own the money which is simply on deposit. He borrows it on the strength of his name. His wares are simply character, ability and knowledge of his business, in which his depositors must have full confidence. If he has not these three essentials, he has no wares and therefore cannot deliver his goods.

Two classes of people deposit their money in a bank: Those not in business, who have received wages or income to be used as wanted, and those in business, who keep their money to be used presently, and who also will need to borrow more money by and by. The former class is content with safety, but the latter class require just and kind treatment, or the men will quit for another bank. Therefore, the bank president needs good manners and quick wit, as well as knowledge, to meet this latter class well. But the wares of the banker remain the same, the chief being character, and this, once tarnished, is "damaged goods."

How then is a money trust to be set up otherwise than by good will, confidence and common consent of the public? In that sense a money trust may exist, but it consists of the trust and confidence of one's fellow-men. When this confidence falls, the trust disappears.

CREDIT AND PRICES.

By Sir Edward H. Holden, Bart., Chairman London City and Midland Bank.

THOSE economists who advocate the quantitative theory, or the theory that prices depend on the quantity of gold, only touch the fringe of the question. When credit balances are being created by loans day by day, and are being used for the purchase of commodities, it is the increase or decrease of these credits which affects prices to a much greater extent than the actual quantity of gold, although we must always remember that credit is based on gold.

In recent years, foreign countries have established many new banking institutions in various parts of the world. Belgium, France, Germany, Italy and Switzerland have established banks in South America and in the East. A large development in banking has also taken place in Russia during the last few years.

All these new banks have been engaged in creating credit, and this credit is also being used for purchasing commodities. In view of this I maintain that prices have been affected much more by these created credits than they have been by the actual gold.

Philippine Mortgage Bank Authorized

THE Philippine Commission has passed with some amendments, the assembly bill, authorizing Mauro Prieto and his associates to establish the Mortgage Bank of the Philippines, with power to open branches in the Provinces and municipalities, and to establish agencies abroad. The institution will start with $2,000,000 capital, which may be increased to $5,000,000.

Statement System of Balancing Accounts

By Ralph Y. Olmstead.

THE statement system of balancing accounts is steadily becoming more popular with the banks and is being adopted by a constantly increasing number of banks that have many active checking accounts on their individual ledgers. The experience of those using the system shows that by it many of the inconveniences and disadvantages of the monthly balancing of accounts are overcome. The system is very elastic and may be adapted to meet the particular requirements of the bank employing it. In the opinion of the writer, that system is best which provides for the posting and checking of all accounts daily, thus giving practically an absolute protection against errors in posting to accounts and consequent criticism from customers.

The following system has been in use for a considerable length of time and has proven to be highly satisfactory in every way:

The statement sheets are carried in a loose-leaf binder and comprise practically a duplicate ledger. They are headed on a typewriter, but otherwise all work upon them is done by pen and ink. The department where the work is done is independent of the bookkeepers, and upon this fact to a very great extent rests the success of the statement system. The man having charge of the statement book received this morning from the bookkeeper having the corresponding set of accounts the deposit tickets and checks posted on the ledger yesterday. These are posted to their respective accounts in the statement book and the balance of the account is extended in this manner each day. There are the same entries upon the statement form as have been made upon the account in the ledger; however, all debits and credits are posted upon the statement at the same time, making necessary but one extension of the balance. When the postings for the entire set of accounts are completed, the statement man takes his book to the ledger and compares the balances of the accounts as shown by the statements with the balances standing to the credit of the respective accounts upon the ledger. Any discrepancy is thus located and corrected at once, and this is done at such a time as to avoid the return for insufficient funds of any checks received through the clearing-house, the lack (?) of funds for which is caused by an error in posting on the ledger.

This proves to be a better method of providing against errors or false entries on the books than comparing the balances of the account only when a statement is rendered, which in some cases may be but once in three months.

Each day the statements to be rendered are taken from the binder, new sheets for the accounts being headed and the balances entered upon them, the new sheets then being placed in the binder. To balance them, all that is necessary is to foot the credits and the debits. A column is provided for the total of debits posted each day. There is no possibility of a difference, except through an error in footing, as the balances are compared and proved each day. The checks for each statement are then taken from the file and checked off. The statement when O. K.'d by the auditor is then ready for delivery to the customer.

This system does away with the necessity of filing the deposit tickets by names, the tickets being bound and filed by date.

BOOK REVIEWS

SEVENTEEN TALKS ON THE BANKING QUESTION. By Hon. Charles N. Fowler, former Chairman Banking and Currency Committee. Elizabeth, N. J.: Financial Reform Publishing Co. (Price, $2.50 prepaid.)

It was to be expected that the present intense interest shown in our banking problem, not only among bankers, but generally, would bring out some new literature on this important subject. Mr. Fowler is well equipped by study, character, native ability and honesty of purpose—the last qualification perhaps should be put first—not only to write on this topic clearly and forcefully, but to propose a practicable measure which shall adjust our currency and banking system upon scientific lines and in accordance with American traditions and ideals.

Next to honesty of purpose—the aim to prepare a banking measure that shall serve no other interest save those of the American people—he shows a qualification absolutely essential to the preparation of a sound banking and currency system, namely, the ability to think in terms of economics.

This is illustrated by his contention that ultimately gold is the only proper form of bank reserves, and that the credit notes of even a central bank should not be allowed to count as reserves. This was the fatal economic weakness of the National Reserve Association plan. Mr. Fowler attacks this plan on the ground named and also severely criticises its form of organization and proposed methods of management. His own proposals are set forth in a condensed form in the March number of THE BANKERS MAGAZINE and at greater length in the volume under review.

In "Seventeen Talks on the Banking Question" the author has put into the form of a conversation between a farmer, lawyer, merchant, banker, laboring man, manufacturer, and "Uncle Sam" a comprehensive treatise on money, credit and banking. This way of presenting the matter is interesting and taking and should help the average reader to an understanding of the subject.

This is a book on one of most pressing problems of the times. It is full of sound information and will repay a careful reading. Its general circulation will contribute greatly to wise action in reforming our banking and currency system, and thus aid in bringing about increased prosperity and more stable financial conditions.

THE SAVINGS BANK AND ITS PRACTICAL WORK. By Wm. H. Kniffin, Jr., Treasurer Onondaga County Savings Bank, Syracuse, N. Y.; former Secretary Savings Bank Section American Bankers' Association. New York: The Bankers Publishing Co. (Price, $5.)

Heretofore the literature of banking has lacked a treatise on the practical aspects of the savings bank business—a deficiency amply supplied by Mr. Kniffin's volume. While a rapid survey of the history of institutions of this character is made, and due attention given to the value of habits of thrift which are the foundations upon which alone successful savings banks can be built, this book deals chiefly with practical problems of organization and management. It is especially complete in its citation of legal decisions bearing upon the various questions arising out of savings bank transactions, and will therefore be found of great value to officers and trustees.

After a brief historical sketch, the

steps necessary to the organization of a savings bank are carefully explained in detail, the qualifications and duties of trustees and officers fully stated and suitable by-laws given. The actual daily routine of the bank is then taken up, and the methods of operation fully set forth, showing the relations of the banks to their depositors, and pointing out the best methods of handling the different transactions. Interwoven with the textual commentary are numerous examples of blanks, records and forms, and descriptions are given of the methods of business adopted by banks of varying size and in different sections of the country.

The reader who studies this book thoroughly will, therefore, gain an accurate understanding of the broad legal principles applicable to savings banks and much practical information relating to the organization and management of these institutions, and the most approved methods of handling all the daily transactions.

Mr. Kniffin is well equipped for the work of preparing a useful book for savings banks. He has had wide experience as a savings bank clerk, a savings bank official, and was for a time Secretary of the Savings Bank Section of the American Bankers' Association. To these practical qualifications he unites the habit of patient and thorough investigation of his subject and an intense liking for it. With these qualifications it was to be expected that he would produce a volume of genuine helpfulness in the organization and management of savings banks and savings departments in commercial banks—an expectation that certainly has been realized, for this book is not only helpful but really indispensable to those engaged in savings bank work. Its production will prove highly serviceable to clerks, officers and trustees of savings banks, enabling them to perform their duties with greater efficiency and ease. Mr. Kniffin ranks as one of the country's authorities on savings bank matters—a reputation which this volume strongly sustains.

THE STOCK EXCHANGE FROM WITHIN. By William C. Van Antwerp. Garden City, N. Y.: Doubleday, Page & Co. (Price, $1.50.)

Political agitation against the stock exchange has lifted that institution into more than usual prominence of late. As one of the chief instrumentalities for handling the paper representatives of value, the Stock Exchange has become a shining target for the aim of the demagogue's shafts. To aid in the correction of whatever real evils may have developed in this important part of the country's financial mechanism a knowledge of the facts is desirable, and one is helped to this knowledge by reading Mr. Van Antwerp's book.

KNIGHT'S INTEREST TABLES. By George J. Knight, Assistant Treasurer Allegheny Trust Co., Pittsburgh, Pa.

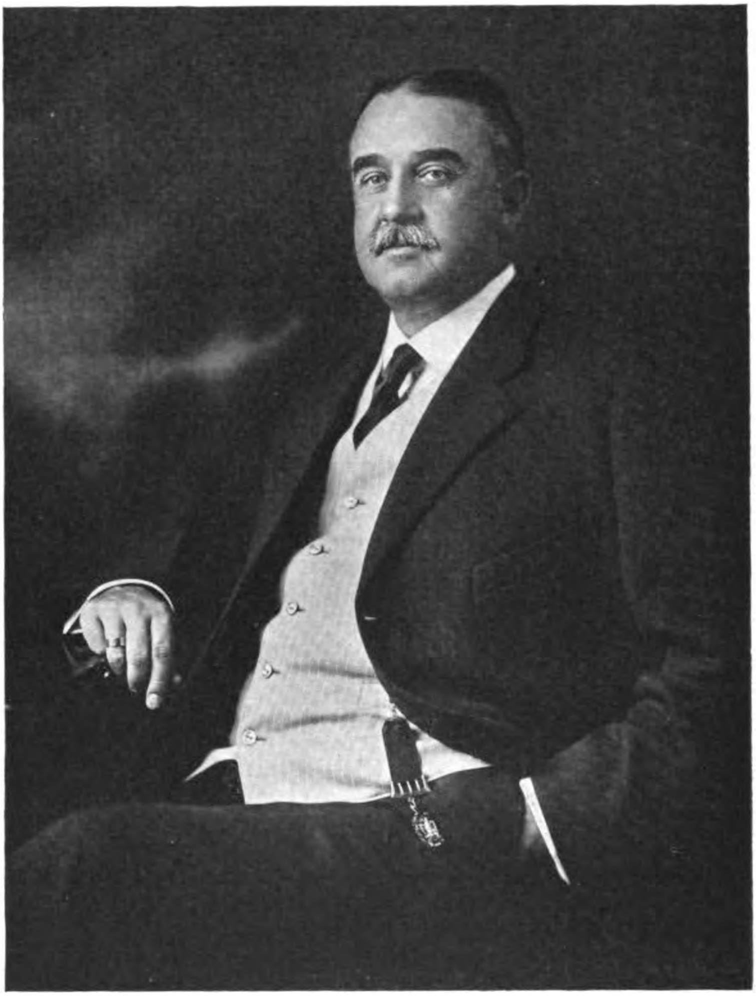
With the laudable object of lightening the work of bank men, "this book has been designed, computed and arranged by a bank man for bank use." It gives the interest for three and one-half per cent. savings accounts and certificates of deposits at various interest periods and dates and for amounts from $1 to $50 and from $51 to $100.

LECTURES AND BEST LITERARY PRODUCTIONS OF BOB TAYLOR (one volume); LIFE AND CAREER OF SENATOR ROBERT LOVE TAYLOR. Nashville, Tenn.: The Bob Taylor Publishing Co.

The career of Senator Taylor, told in the biography, illustrates the early struggles and final triumphs that have marked the history of many Americans who have slowly and painfully risen from obscurity to prominence, while the selections from his writings contain a vast fund of humor and eloquence. Senator Taylor was widely known and remarkably popular. He was a warm-hearted and generous son of the South, whose story and thoughts these volumes appropriately preserve.

First National Bank of Los Angeles, Cal.

THE removal of the First National Bank of Los Angeles, Cal., into its new banking home calls attention to one of the forceful officials of that strong and growing institution—Stoddard Jess, vice-president. He was born at which firm his father was the head. In 1885 he removed to Pomona, Cal. During his residence in Waupun, Mr. Jess served on the city council and the last year of his residence there he served as mayor. In June, 1886, Mr. Jess



STODDARD JESS
VICE-PRESIDENT FIRST NATIONAL BANK, LOS ANGELES, CAL.

Fox Lake, Wis., and attended the public schools and the University of Wisconsin, class of 1876. On leaving college, he was employed by First National Bank of Fox Lake, and later became cashier of the banking firm of George Jess & Co. at Waupun, Wis., of organized the First National Bank of Pomona, being its cashier until 1898. He was one of the organizers of the Pomona board of trade and its first president, was first treasurer of the city of Pomona, and served on the board of library trustees for several

years and as its president for three years. He removed to Los Angeles in the spring of 1904 and since has been vice-president of the First National Bank of Los Angeles. He is also a director of the Los Angeles Trust & Savings Bank, has been for several years a member of Los Angeles Clearing-House committee and now is serving a second term as president of the Clearing-House Association. He was chairman of the Los Angeles committee that succeeded in consolidating the cities of San Pedro and Wilmington with Los Angeles, thereby giving Los Angeles control over the harbor. He was president of the harbor commission for several years.

Clearing-House Currency

APPEARING before the sub-committee of the House Committee on Banking and Currency, Wm. A. Nash, chairman of the board of directors of the Corn Exchange Bank of New York, and former president of the New York Clearing-House Association said:

I therefore urge that the clearing houses of the country shall become the initial associations to which shall be committed the basis on which currency shall be issued. This is urged because the most competent judges of credit are the bank officers of the country, and, acting through clearing houses, where their responsibility is a matter of grave concern to them, the prerequisites of a sound substructure for currency cannot be excelled.

I believe that in the creation of twenty clearing houses, representing geographically the whole of the country and the protection of legality about their organization and acts, we take the first steps toward the solution of our so-called difficulties. I have an opinion that those difficulties are much less than are popularly asserted. This is proved by the fact that only once perhaps in ten years do we have a state of things that brings out dissatisfaction with our American system. It is at such times that the quotations of European models are most voluble—and I doubt if they proceed from American sources. I am not averse to incorporation for clearing houses if the proper rignt of protection is given.

To belong to a clearing house a bank must not only be solvent, but possess habitually enough liquid assets and cash to settle its daily balances in gold or its equivalent. These requirements have fostered more good banking than any other known cause. Those who complain of such restrictions have no good excuse to exist as banking institutions. They are not banks except in name. The clearing houses, if incorporated, should be competent to admit such members as they believe would be able to pay their debts to each other when and how demanded. To insure this the system of clearing house examinations has been instituted with very great success, and never has the solvency and the safe management of banks been so assured as at the present time.

"Financial history," Mr. Nash continued, "showed that panics and crises do arrive, and probably will during all time. That those convulsions are more violent in our own country in contradistinction to other nations may be attributed principally to the cash basis of most of our transactions."

With the emergency currency bill on our statute books, I do not hesitate to say that I believe that the issue of clearing house loan certificates all over the country would be automatically resorted to in case of a financial panic. The reason is plain. The bankers and the people who trust them with their money understand this often-tried and perfectly successful device for expanding credit temporarily or until a distressing situation is overpassed.

Why, then, should we disregard such a well-known method and seek for some plan that has its birth in the brain of the theorist in finance, and the theorist in finance is more to be dreaded than a bull in a china shop.

The history of loan certificates issued by clearing-houses is that of the most brilliant device known to finance. The New York clearing-house has resorted to them nine times in the past fifty years, always allaying thereby public excitement and checking forced liquidation, and the retirement and redemption has been accomplished at an average of four months time from the first issue, and without the loss of one dollar to the banks, which by clearing-house rules became joint indorsers upon every certificate issued. This joint indorsement led to the most careful selection of men to judge of the collaterals necessary to insure the repayment of loan certificates. The history of our panics has had one feature that it is our work to eliminate.

With every issue of loan certificates there has come a hoarding of currency. The necessary implement of the small exchanges of life, the pay of the laborer and the work-

man, becomes very scarce and at a premium. If the clearing-house loan certificate so carefully guarded by men and securities, could be convertible into a Government currency upon demand—say at fifty per cent. of its face value—the entire currency defects so prominent in panics would be eliminated. There would be no hoarding if there was a certainty of an abundant supply from the Government. Nay, more than this, there would be no use of such a currency if the certainty of issue were felt, because the normal condition would not be disturbed. In a panic it is credit that is clamored for and not currency.

It is my belief that the use of the existing system of clearing-houses forms the best and the least disturbing basis for the expansion of credit and the supply of currency.

A certainty of currency at fifty per cent. of the clearing-house loan certificate immediately solves the troublesome question of inland exchange, which looms up in every panic. Every city could pay its debts to each other with currency or with certificates.

The question naturally arises, who will give the signal for the issue of loan certificates? Who better than the bankers, whose interests are so deeply concerned in their validity and who knows sooner and better than any other class of men whether the necessity is real or manufactured? Certainly such a source for the initial step is much more reliable and less under suspicion than any central body of men far away from the scene of the conflict which appeals to the clearing-house for help.

This view does away with all the necessity for a central body or a central capital, but leaves the business of the country in its normal state and able to cope with unusual and abnormal conditions.

It is useless and dangerous to turn banking business over to any one but bankers—not to theoretical bankers, but to those who know the wants of the people and know in what measure help should be given. The banker prefers always to rely upon the natural course of business. His instincts are against changes or experiments. He knows that both are full of danger and uncertainty. The reluctance with which loan certificates have been issued in the past is the highest testimony to the honesty, the wisdom, the forbearance and the foresight that are natural characteristics of those in charge of other people's money.

In conclusion I would urge caution in taking unnecessary and purely hypothetical steps in currency reform. A moderate and restricted action is to be advised in preference to what is called sweeping reform.

SAFE DEPOSIT

A Romance of the Safety Vault

FEW enough romantic incidents occur in connection with safe-deposit vaults, and the following from a booklet issued by the Commercial Bank of Brookhaven, Miss., will, therefore, be found of especial interest:

An interesting story of how love will find the way has come to light in connection with our safe-deposit vault. It is just too cute to keep.

It seems that two of the Whitworth College girls were in love with an equal number of our bank clerks. They could never arrange to meet, not so much as to steal a moment together, for the matron was always on hand. The girls would have their papas to send them their spending money in very small checks so they could come to the bank more often to get them cashed, but then they only got a smile and a lingering look, for the ever-present matron was along.

So here's their scheme: They jointly rented a private box in our safety vault. Before announcing their decision to take this means of protecting their "valuables," they expressed to the matron on several occasions their extreme anxiety lest thieves and burglars should swoop down upon them some night and take away their precious jewels. So the matron suspected nothing when they asked permission to rent a lock box at the bank. They explained that one could be had for a trifle—only two dollars and fifty cents a year. They would feel so comfortable with their things in

the big bank vault. Everybody kept their things in the bank vault if they prized them at all. And it was so interesting, too. Thousands of dollars' worth of diamonds, silverware and keepsakes were locked up in these. Oh, it was so interesting!

Isn't it strange how they knew so much about it? But it was equally as strange how the two bank clerks knew every plan and maneuver of the girls. Any way, when the girls appeared at the bank, each with a carefully wrapped "jewelry box," it took two of our young men to show them back to the big steel-lined vault and help them select a box, just as it always took two young men to assist them on their frequent visits thereafter to "remove" or to "replace" some article. At least fifteen minutes was always required to look through the various articles of jewelry, consisting as it did of two Frat pins the boys had furnished them and a couple of old breastpins that "mother used to wear"—heirlooms, you would say. No wonder they prized them so dearly.

But where was the matron all this time? She was seated in the lobby. Her conception of her duty did not carry her to the extreme of "prying into private business matters." Not a whisper reached her ears from inside the thick walls of the vault. But you needn't doubt that whispering was done. The safety vault did a rushing business for that quarter of an hour.

Now you needn't ask us for the names of the two girls in this story, for it is positively against our rules to betray the "business secrets" of our customers.

Condition of the New York Safe Deposit Companies

ARRANGED in comparative form, the various items of resources and liabilities of the safe deposit companies reporting to the Superintendent of Banks, as of the first day of January in each of the last two years are as given herewith:

New York State Resources and Liabilities of Safe Deposit Companies.

RESOURCES.

	1912	1913
Bonds and mortgages	$186,200	$187,600
Stock and bond investments	2,011,050	1,929,908
Real estate	2,622,895	2,677,043
Vaults and safes	2,607,761	3,090,349
Furniture and fixtures	136,917	135,702
Loans on collateral	5,000	3,450
Cash deposited	274,794	352,045
Cash on hand	5,822	3,416
Safe rentals, due and accrued	58,248	67,449
Silver storage, due and accrued	32,145	33,701
Warehouse storage, due accrued	115,294	110,823
Tin boxes	1,507	1,478
Other assets	37,402	65,156
Add for cents	3	7
Total	$8,094,038	$8,658,127

LIABILITIES.

Capital stock	$5,360,000	$5,900,000
Excess of assets over liabilities	1,423,293	1,461,362
Bonds outstanding	87,000	22,000
Loans secured by bond and mortgage	1,018,000	1,018,000
Other loans	70,450	112,325
Interest due and accrued on loans	8,059	7,378
Expenses incurred but unpaid	8,132	11,717
Other liabilities	119,101	125,343
Add for cents	3	2
Total	$8,094,038	$8,658,127

The accompanying list gives the names, location and capital of the safe deposit companies as of January 1, 1913.

Name, Location and Capital of the New York Safe Deposit Companies.

Albany S. Dep. & Storage Co., Albany	$90,000
Astor Safe Deposit Co., N. Y.	100,000
Atlantic Safe Deposit Co., N. Y.	100,000
Bankers Safe Deposit Co., N. Y.	100,000
Broadway Safe Deposit Co., N. Y.	100,000
Bronx Safe Deposit Co., N. Y.	100,000
Brooklyn City S. Dep. Co., Brooklyn	100,000
Central Safe Deposit Co., Ossining	10,000
City Safe Dep. Co. of Albany, N. Y.	50,000
Colonial Bank Safe Dep. Co., N. Y.	100,000

Commercial Safe Deposit Co., N. Y.	100,000
Corn Exchange Safe Dep. Co., N. Y.	200,000
Empire City Safe Deposit Co., N. Y.	100,000
Equitable S. Dep. Co. of N. Y., The	150,000
Federal Safe Deposit Co., N. Y.....	100,000
Fifth Avenue Safe Dep. Co., N. Y.	100,000
Franklin Safe Deposit Co., Brooklyn	100,000
Garfield Safe Deposit Co., N. Y.....	150,000
Guaranty Safe Deposit Co., N. Y...	100,000
Hanover Safe Deposit Co., N. Y.....	300,000
Hudson Safe Deposit Co., N. Y.....	100,000
Knickerbocker Safe Dep. Co., N. Y.	100,000
Lenox Safe Deposit Co., N. Y.	125,000
Lincoln Safe Deposit Co., N. Y.....	1,000,000
Long Island Safe Dep. Co., Brooklyn	100,000
Madison Safe Deposit Co., N. Y....	100,000
Mercantile Safe Deposit Co., N. Y...	450,000
Merchants Safe Deposit Co., N. Y...	100,000
Metropolitan Safe Deposit Co., N. Y.	100,000
Mt. Vernon S. Dep. Co., Mt. Vernon	10,000
New Maiden Lane S. Dep. Co., N. Y.	100,000
New Rochelle Safe Deposit Co., New Rochelle	10,000
New York Produce Exchange Safe Deposit and Storage Co., N. Y.....	150,000
Ossining Safe Deposit Co., Ossining	20,000
Rockland County S. Dep. Co., Nyack	10,000
Safe Deposit Co. of New York, N. Y.	100,000
Security Safe Dep. Co. of Brooklyn	100,000
Security Safe Deposit Co., Buffalo..	150,000
Security Safe Deposit Co. of Troy..	50,000
Standard Safe Deposit Co., N. Y...	200,000
Thirty-fourth St. S. Dep. Co., N. Y.	175,000
Union Trust Safe Deposit Co., N. Y.	100,000
United States Safe Dep. Co., N. Y.	200,000
Wall Street Safe Deposit Co., N. Y.	100,000
Total	$5,900,000

Banks and Safe Deposit Business

REFERRING to the passage of the law by the last New York Legislature permitting banks to own stock in safe-deposit companies, the Superintendent of Banks says that this law has been followed by the organization, with the approval of the Banking Department, by the Corn Exchange Bank, of New York city, of the Corn Exchange Safe Deposit Company of New York city, with eleven branches, and the organization of the Colonial Bank Safe Deposit Company of New York city, with six branches. These companies took over the safe-deposit business of the two banks. The fact that trust companies had heretofore had authority under the law to own the stock of safe-deposit companies created what was regarded by bankers as an unfair distinction, and the passage of the law referred to has permitted the banks to do in a legitimate manner a kind of business which had formerly been conducted to a considerable extent, although not directly authorized by law, i. e., the operation of safe-deposit company business in connection with their other lines in the same manner as conducted by trust companies.

Vaults Under Sidewalks and Streets

LOOKING for sources of new revenue, a New York commission has discovered that many vaults have been constructed under the sidewalks and streets of that city on the single payment of a nominal sum. A number of cases are cited, the aggregate of the payments being $18,672. It is proposed that in lieu of a single payment those constructing such vaults shall make an annual payment of a certain sum per square foot. On this basis the aggregate of the payments mentioned above would be $108,014 annually, thus adding an important source to the city's revenues, for the use of sub-surface vaults is growing with the concentration of business in the large cities.

Our Financial Difficulties Reflected Abroad

COMMENTING on our need for a satisfactory banking and currency system, the London "Bankers Magazine" says that "While the establishment of such a system is of primary importance to the United States, it is also of great importance to us, as the financial difficulties of America are always reflected on this side of the Atlantic, and it will be a great relief to our money market when better financial arrangements are founded in a country with which we have such constant and large business relations."

Out-of-the-Ordinary Advertising

A Los Angeles Bank that Uses Big Space and Does Not Waste It

WE are pleased to be able to reproduce this month a few examples of a series of large-sized advertisements which the German American Trust and Savings Bank of Los Angeles, Cal., recently ran in the newspapers of that city.

Los Angeles is an unusual city, and therefore it is not surprising that some unusual bank advertising should emanate from it. A newspaper like the Los Angeles "Express," for instance, is a very interesting one from an advertising standpoint because of the size and general effectiveness of the advertisements of mercantile and banking institutions alike. The advertisements are truly as interesting as the news.

This particular series of bank advertisements consisted of nine, all dealing with the subject of savings banks. They were all two columns wide, and the largest contained 488 lines. Inasmuch as the necessarily reduced size of the cuts showing the general style of the advertisements may make their subject matter somewhat illegible, we print below the copy of one of the advertisements complete, subject to the bank's copyright:

FUNCTION OF SAVINGS BANKS AS PLACES WHERE FUNDS TO INVEST MAY BE BUILT UP.

The power and influence for thrift which the savings banks in any community exercise is immense.

This bank, for instance, has about forty-five thousand depositors—or one person in every ten in Los Angeles.

Another local savings bank has more than eighty thousand open accounts; and there are several smaller institutions with thousands of depositors each.

It is just because savings banks enable men, women and children to start interest-bearing accounts with as little as a single dollar that they are such a power for thrift.

Everybody wants to get some money ahead. Few people start life with a sum large enough for desirable investment. They must accumulate such a fund, little by little. The savings banks offer perfect opportunities for such people—accepting deposits in very small amounts, encouraging depositors in every possible way, and paying an excellent interest, even on these small sums.

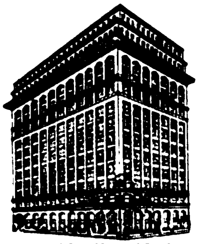
You cannot expect to make money without money.

To secure a profitable investment of the really desirable type, you must have ready cash.

It's the old story of the seed. To grow a garden there must be planting and culti-

ADVERTISING STREET CLOCK OF THE AMERICAN TRUST CO., SOUTH BEND, IND.

(This is the Third of a Series of Advertisements on the subject of Savings Banks)



Our New Home, Northwest Corner of Spring and Seventh Streets. We will occupy the Ground Floor and Basement of this Building about April 1st.

Four Per Cent in Savings Banks—its Advantages

DO you realize that a Four Per Cent net earning from money which is **Absolutely Safe** is an exceedingly generous interest rate?

You know that many people consider it very "old-fashioned" to be satisfied with "Savings Bank Interest" on their money.

But the quiet, unpretentious, Savings Bank Depositor has a sturdy common sense and a STEADINESS quite unknown to some of our more venturesome "financiers".

Savings Bank Patrons will be getting their regular Four Per Cent interest, and their money will be ABSOLUTELY SAFE, when these frenzied "Investors" are on the financial rocks.

We have told you in detail how the Law protects Savings Depositors.

We have shown you how frequent examinations by competent Officials ensure that the Law is enforced.

Consider these further advantages of a Four Per Cent Savings Account:—

Money so deposited is non-taxable—it earns Four Per Cent NET.

Money so deposited brings no responsibility. You assume no liability. And the Law guarantees your safety.

No fluctuation in the value of your deposit—it is always worth its face value—and your money earns a fixed annual return upon which you can absolutely depend.

You don't need any special sum—for a Four Per Cent Deposit is available to people of small means as well as large. Furthermore, your money begins to earn at once, from the very day that the deposit is made.

You collect your interest every six months. Or if you leave it on deposit, it is added to your principal and itself begins to earn interest—thus compounding semi-annually.

Thousands of people who have large means — who are well acquainted with all classes of sound investments, and well versed in the safe handling of money—HAVE SAVINGS ACCOUNTS.

They are glad to get Four Per Cent NET on their investment—especially because they realize the SAFETY of money on deposit.

They realize the advantage of a handsome interest return—WITHOUT WORRY.

Our next advertisement will explain something about Bonds. Its title will be "Bonds,—What They Are and How to Discriminate".

German American Trust And Savings Bank

Spring & Fourth Sts., Los Angeles

Copyright 1913—German American Trust and Savings Bank.

A CONVINCING ARGUMENT

vation. The first requisite is the proper seed.

And the savings bank account is the seed out of which money for investment grows.

You want to buy a good bond—or secure a home—or buy a property for rental—or buy a lot against a possible increase in value—or you want to loan money on mortgage—any such investments are safe and profitable, provided they are made wisely.

Then you must have money to work with—and one function of the savings bank is

A CLEAR EXPLANATION

---

to give you the safety, the facilities and the encouragement to lay away one dollar against another as often as you can spare them—building up the necessary sum with which to operate.

The seed of every great fortune in America today was the saving habit.

The present owners of these fortunes may not be saving—but those who founded them had to be.

Use the savings bank for the principal purpose for which it was founded. Let it help you accumulate a surplus.

Then use this surplus wisely and carefully—and you undoubtedly can make it grow without undue risk.

For this bank, like many other well conducted institutions, has special facilities for securing sound investments—and will help you, or any of its depositors, to select the bond, or whatever other kind of conservative security you prefer.

Our next advertisement will consider "Four Per Cent. In Savings Banks—its Advantages."

GERMAN AMERICAN TRUST AND SAVINGS BANK

Spring and Fourth Streets, Los Angeles

This is real informative savings bank advertising. If all the savings banks and other institutions with savings departments throughout the country would carry on similar advertising campaigns in conjunction with the use of the editorial matter on thrift and the curbing of extravagance which the Savings Bank Section of the American Bankers Association is sending out, it is safe to predict that we would soon see a decided change for the better in our national habits in this particular and savings deposits would increase wonderfully.

An officer of the German American Trust and Savings Bank writes concerning this advertising, as follows: "The bank has already received considerable favorable comment upon the publication of this series, and we believe it to be superior to any advertisements we have ever used in newspapers, both as to results and as to matter used."

$60 in Prizes

A Chance for Bank Advertisers to Turn Ideas into Money.

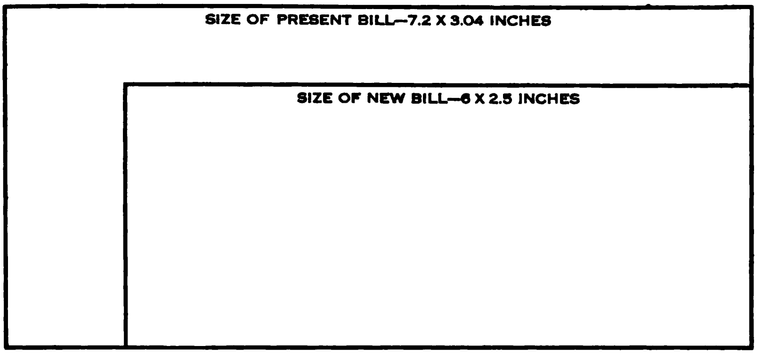
WE call the special attention of our readers to the announcement on another page of this issue of the magazine of a Prize Contest for Bank Advertising Ideas.

One of our customers, a national bank of $200,000 capital in a city of 150,000 population, has commissioned us to offer cash prizes as follows:

First prize $30.00
Second prize $20.00
Third prize $10.00

for the best plans or ideas to increase deposits in its commercial and savings departments.

The contest closes June 2, 1918, at our office.



THE NEW AND SMALLER PAPER CURRENCY

It is expected that within a month or two the people of the United States will witness a great revolution in the size and appearance of their paper money. Each one of the two billion notes of that kind now in circulation will be supplemented by uniform pieces of currency about a quarter size smaller than now used.

The change in size is not the only one. Any note with Washington's portrait on it will be one dollar, Jefferson's, two dollars, Lincoln's, five dollars, Grover Cleveland's, ten dollars, Alexander Hamilton's, twenty dollars, and so on. This plan will render the raising of bills by crooks an impossibility, and we will have the safest and simplest system of national currency in the world.

However, the new money will be just as elusive—just as hard to get and keep—as the old currency, and your need for the services of a good bank in caring for it will be just as great. This strong institution stands ready to serve you in this connection.

THE NATIONAL BANK OF COMMERCE.
WILLIAMSON, WEST VIRGINIA.

"We are Advertised by Our Loving Friends"

Referring to the mailing card reproduced above in reduced size, the following correspondence is interesting:

GUARANTY TRUST COMPANY OF NEW YORK.

Capital $10,000,000. Surplus $20,000,000.

New York, March 1, 1913.

Mr. R. B. Parrish, Cashier,
The National Bank of Commerce,
Williamson, W. Va.

My dear Mr. Parrish:—

The post card on "The New and Smaller Paper Currency" is one of the cleverest things I have seen, especially the closing paragraph in the little talk that accompanied it.

Yours very truly,
F. W. ELLSWORTH,
Publicity Manager.

THE NATIONAL BANK OF COMMERCE.
Williamson, W. Va.
March 3, 1913.

Mr. F. W. Ellsworth, Publicity Manager,
Guaranty Trust Company,
New York, N. Y.

My dear Mr. Ellsworth:—

Please accept my thanks for your favor of the 1st. This matter was prepared by Mr. MacGregor of The Bankers Magazine. He is now handling our advertising for us.

I am more than satisfied with the services he is giving us and his charges are so reasonable that I think any Bank could employ him.

With kind personal regards, I remain, Yours very truly,
R. B. PARRISH.
Cashier.

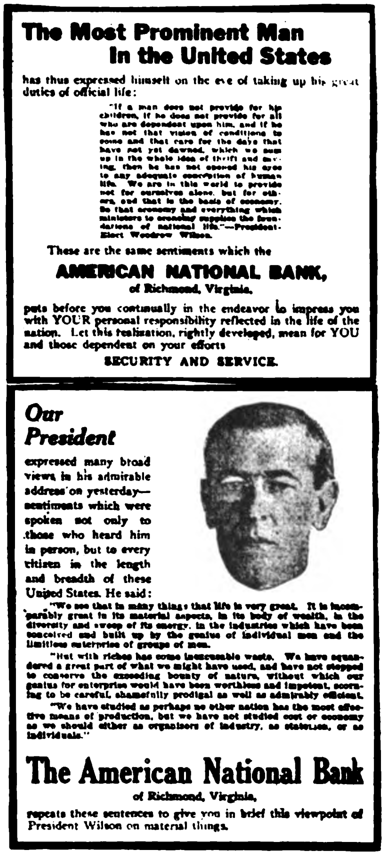
The officers of the bank will be judges of the contest, but answers are to be delivered to THE BANKERS MAGAZINE, as the bank does not wish its identity to be known at the present time. Checks will be mailed to the winners early in June and their names will be published in the July number of THE BANKERS MAGAZINE, as well as the name of the bank.

The bank pays four per cent. interest on savings, compounded semi-annually, and special attention should be paid in any plans submitted, to the development of that department.

If newspaper advertising is suggested, at least a dozen specimen advertisements should be submitted, together with suggestions as to size, position, number of insertions, etc. If follow-up letters are to be used, several samples should be submitted. In short, all plans submitted should be accompanied by suitable copy for carrying out the ideas suggested. The bank also wants suggestions for obtaining a practical mailing list of 5,000. The city has large manufacturing interests, and is surrounded by a first-class farming country.

We think that our readers who have cares to enter it. If you intend to enthe possibility of getting one of the any ideas on this subject will find it of benefit to arrange them in a systematic way and submit them in this contest. It will do you good entirely aside from three cash prizes.

This contest is open to everyone who ter don't put it off till the last moment. Do it now!



The Most Prominent Man In the United States

has thus expressed himself on the eve of taking up his great duties of official life:

"If a man does not provide for his children, if he does not provide for all who are dependent upon him, and if he has not that vision of conditions to come and that care for the days that have not yet dawned, which we sum up in the whole idea of thrift and saving, then he has not opened his eyes to any adequate conception of human life. We are in this world to provide not for ourselves alone, but for others, and that is the basis of economy. So that economy and everything which ministers to economy supplies the foundations of national life."—President-Elect Woodrow Wilson.

These are the same sentiments which the

AMERICAN NATIONAL BANK,

of Richmond, Virginia,

puts before you continually in the endeavor to impress you with YOUR personal responsibility reflected in the life of the nation. Let this realization, rightly developed, mean for YOU and those dependent on your efforts

SECURITY AND SERVICE.

Our President

expressed many broad views in his admirable address on yesterday—sentiments which were spoken not only to those who heard him in person, but to every citizen in the length and breadth of these United States. He said:

"We see that in many things that life is very great. It is incomparably great in its material aspects, in its body of wealth, in the diversity and sweep of its energy, in the industries which have been conceived and built up by the genius of individual men and the limitless enterprise of groups of men.

"But with riches has come inexcusable waste. We have squandered a great part of what we might have used, and have not stopped to conserve the exceeding bounty of nature, without which our genius for enterprise would have been worthless and impotent, scorning to be careful, shamefully prodigal as well as admirably efficient.

"We have studied as perhaps no other nation has the most effective means of production, but we have not studied cost or economy as we should either as organizers of industry, as statesmen, or as individuals."

The American National Bank

of Richmond, Virginia,

repeats these sentences to give you in brief this viewpoint of President Wilson on material things.

USED AT INAUGURATION TIME

Using News Columns

How a Live Southern Trust Company Strengthens Its Advertising.

THE Wachovia Bank and Trust Company of Winston-Salem, N. C., which is a very progressive advertiser, makes a great deal of use of the news columns of its local papers. In addition to having induced the editors to use the weekly "Talks on Thrift" sent out by the Savings Bank Section of the American Bankers Association for free publication as news matter, it uses articles from financial publications.

In the Winston-Salem "Journal" of Sunday, February 23, appeared a four-column article, which was a reprint of the article by Marvyn Scudder in a recent number of THE BANKERS MAGAZINE entitled "How People Should Invest Their Money." In a splendid position right next the article appeared this advertisement of the institution's investment department:

Make your money render the maximum of profit at the minimum of risk.

Investing in bonds is not an investment only for the rich—the capitalists. It is a form of investment for the average man

and it is easy for him to invest his money in bonds which are the safest of all securities and yet yield a comparatively high rate of interest.

Every man who finds himself the owner of a bond is possessed of the desire to add other bonds to it. There is a wonderful amount of satisfaction in knowing that one's money invested in a good bond is safe, can almost always be readily sold for cash and that when ready to sell he may often obtain a higher price than was paid for the bonds.

Nations, states, counties, cities and industrial corporations must borrow money by issuing bonds and the investment banker serves the individual who would buy because such investments may be made with confidence in the knowledge that the investor is protected by all the guarantees that the banker has exacted for himself.

Consult our bond department today
W. F. Shaffner, manager, M. H. Willis, assistant manager.
WACHOVIA BANK & TRUST CO.
Winston-Salem, N. C.

Bond Department
Wachovia Bank & Trust Co.

Gentlemen:

I would be pleased to have information concerning investments which you have to offer at this time. I would be more particularly interested in—

State Bonds Municipal Bonds
First Mortgage Bonds

or stock in..............................

Yours truly,

....
....

How Banks Are Advertising

Note and Comment on Current Financial Publicity

THE First National Bank of Berkeley, Calif., uses valuable advertising novelties as good will producers—among them a chamois leather purse, a heart-shaped eraser, a screw lead pencil and a key-ring.

A 1913 "ownership map" of the city of Spokane, Wash., was given away by the Union Trust and Savings Bank of that city. The distribution plan was to send out cards with the name of the person to whom issued inscribed on them. These were to be presented at the mortgage window for a free copy of the map, which is the only map of its kind published in that city. It shows the names of the actual owners of record of each piece of downtown business property, as of January 1, 1913.

"Some Facts About Wills, Executors and Trustees" is the title of a very meaty booklet issued by The Crown Trust Company of Montreal, Can. The points taken up in it include: The Preparation of a Will, Choosing an Executor or Trustee, An Illustration of the Dangers of Changing Trustees, The Superiority of a Trust Company as Executor and Trustee Over an Individual Acting in the Same Capacities, The Folly of Drawing One's Own Will," etc. The Crown Trust Company has a strong board of directors, a considerable proportion of the members of the board being also directors of leading banks in the Dominion.

The Equitable Trust Company of New York gave away this year a desk memorandum pad calendar on a handsome metal mount.

A good explanation and introduction to its statement is printed in the statement folder of the Guardian Savings and Trust Company of Cleveland, Ohio. It reads:

> The Ohio Law demands four statements a year from all State banks. The superintendent of banks of the State of Ohio is responsible for issuing the calls,

George Washington Said

a great deal about industry and thrift. He heartily approved of the "Poor Richard' maxims of Benjamin Franklin which did so much to promote saving ideas among our forefathers. But the Father of His Country gave advice on foreign relations which is sound for individuals also. He said:

Avoid Entangling Alliances

You can interpret that in your case as advice to keep out of debt, to avoid getting mixed up in propositions that will take your money without giving you an adequate return for it.

If there had been Savings Banks in Washington's day we know he would have strongly advised the people to use them, and we need them more now than our ancestors did.

Security State Bank

The Bank That Helps You Prosper.

Chehalis, Wash.

A WASHINGTON BIRTHDAY ADVERTISEMENT—PREPARED BY THE EDITOR OF THIS DEPARTMENT

---

which he does in conjunction with the Comptroller of the Currency and without previous notice to the banks.

Believing that our customers and friends are naturally interested in the financial standing of our institution, we submit for your careful consideration our last called statement which appears on the opposite pages.

The Union Trust Company of Pittsburgh issues a truly superb book telling about the company "And How It Can Help You." Besides being as clear and complete an exposition of the services offered by the modern trust company as we have ever seen, it is a particularly handsome sample of real printing art. The book reflects great credit upon who had a hand in its making and it ought to do the Union Trust Company a lot of good.

The advertising department of the Bankers Trust Company, New York, is sending out to banks throughout the country a large booklet containing specimens and facsimiles of advertising matter to be sent free to banks issuing Travelers' cheques of the American Bankers Association, and also reproductions of advertisements appearing in leading magazines of national circulation, with a catalog of cuts supplied free to issuing banks for use in local newspapers. It will pay any bank advertising man visiting New York to drop in and see Mr. E. B. Wilson, advertising manager of the Bankers Trust Company. He has a very superior system of filing cuts, photographs, proofs of advertisements and all the records required by an up-to-date advertising office for a big business.

The First National Bank of Boston is getting out a very attractive series of booklets describing the United States Mint, the United States Treasury, etc. In addition to the interesting illustrations and the descriptive matter

on each subject, there are several pages devoted to the customary statement, officers and directors of the bank, etc.

The Union Trust Company of Springfield, Mass., recently issued a booklet on the various trust company functions, the front cover of which was ornamented with a tipped-on picture of the bank's handsome building. The booklet deals especially with the management of trust estates and handles the matter in an excellent manner.

The Commercial Bank of Brookhaven, Miss., recently celebrated its silver anniversary. On that occasion it issued an unusually attractive souvenir booklet, part of the title on the cover being appropriately embossed in silver. In addition to the historical matter covering the twenty-five years of the institution's existence, there is a good deal of clearly stated information concerning its various departments of service.

The Stroudsburg, Pa., National Bank celebrated its fiftieth anniversay by issuing a booklet similar to that described in the preceding paragraph. Booklets of this nature are interesting and convincing from the mere fact that ed the storms of twenty, twenty-five or the institution has successfully weather-fifty years, as the case may be.

The Corn Exchange Bank of New York, which is sixty years old this year, emphasized that fact in sending out its February 1 statement, and also referred to the fact that the Corn Exchange was the pioneer of branch banking in New York.

Among other institutions which have recently sent us noteworthy pieces of advertising matter are the following: The Sacramento Bank, Sacramento, Cal., a reply post card; Central State Bank, Des Moines, Iowa, a card booming Iowa farm lands; the Cleveland, O., Trust Company, "A Book of Information" to be given to new depositors; the Bridgeport Trust Company, Bridgeport, Conn., booklet, "Banking and Trust Services."

The Fitchburg Co-operative Bank, Fitchburg, Mass., has been running a series of questions and answers explaining this Massachusetts institution. The copy of the first three reads as follows:

Co-operative Bank Questions
No. 1

Is the co-operative bank a purely mutual institution, governed by its stockholders?

Yes. The shareholders meet regularly and elect officers and adopt and amend by-laws. All profits are apportioned with exactness, there being NO PREFERRED shares or shareholders.

Co-operative Bank Questions
No. 2

How few and how many shares may any person buy?

One share is the least, of course, and 25 the most, and any number between. You would be surprised at the number of "grown-ups" who carry one, two or three shares; people who wouldn't think of depositing less than $25.00 in the savings bank.

Co-operative Bank Questions.
No. 3

I have heard the co-operative bank plan spoken of as "the best compulsory saving." How is it compulsory?

Why, the compulsion is largely a matter of conscience. You know we mostly do about what we are expected to do, and one starting an account in the Fitchburg Co-operative Bank knows that he's expected to make a deposit monthly. Then the fine (one per cent., not two) is just sufficient to exert a mild influence. Finally, Habit is the real "compeller."

Highly Complimentary

WE wish to add our hearty endorsement to the Banking Publicity Department of your magazine. We have obtained some excellent ideas from the current number, particularly with reference to Mr. McWilliam's article on Savings Bank Education, and letters and advertisements reproduced.

The Bank Advertising Exchange has been very helpful in many respects.

Very truly yours,
C. A. Bailey, Cashier
The First National Bank, Clarksville, Tenn.

How "Talks on Thrift" Are Being Used

The reproduction of the above clippings from newspapers in Baltimore, Md., and Chambersburg, Pa., illustrate how the weekly thrift education articles of the Savings Bank Section of the American Bankers' Association are being used to the advantage of all concerned—the banks, the newspapers and the public.

The articles are sent out by the Savings Bank Section's secretary, Mr. E. G. McWilliam, with this explanatory note to the editor:

> This article is a part of a series prepared by the Savings Bank Section of the American Bankers Association, No. 5 Nassau Street, New York City. Proofs of these weekly "Talks on Thrift" are sent out by this office once a month for free publication as editorial matter in newspapers throughout the country. The purpose being, however, not to have the articles appear in more than one newspaper in any community.
>
> Back numbers cannot be furnished, but editors are at liberty to change the numbers on the "Talks" so long as the release date is observed. If you use the articles, please send copies of the issue containing them to the office of the Association.

We suggest that all savings bank men, who think they could interest their local newspapers in this idea, would do well to communicate with Mr. McWilliam at once to get full particulars of this great nation-wide campaign against extravagance and for genuine thrift.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. Watch each month for new names and other changes.

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Empire Trust Company, 65 Cedar St., New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Roozer, treasurer, American Trust Co., Jacksonville, Fla.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

Germantown Ave. Bank, Philadelphia, Pa.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Union Trust Co. of the D. C., Washington, D. C.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.

A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.

Dexter Horton National Bank, Seattle, Wash.

Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Frank K. Houston, Asst. Cashier, Third National Bank, St. Louis, Mo.

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.

W. M. Kreim, Publicity Dept., Security Trust & Savings Bank, Los Angeles, Cal.

C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.

F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.

Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.

A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

F. R. Adams, Will Co. National Bank, Joliet, Ill.

T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.

GLAD TO EXCHANGE.

In your Magazine for February under title of Bank Advertising Exchange, I notice that you offer an apportunity for subscribers to place their name on your list if they are willing to exchange booklets, folders and other advertising matter issued by them from time to time, free of charge.

I would greatly appreciate the favor of being so listed and would gladly exchange with any of the listed parties any advertising matter which I feel would be of any service to them.

Very truly,
FRED R. ADAMS,
Will County National Bank, Joliet, Ill.

Personal Resource as an Element of Success in Banking

CLOSE attention is now being given by progressive banks to the personal attributes of employees as an element in getting business and taking care of it. Among those who have studied this matter carefully and with successful results is W. R. Morehouse, who has been connected with banking for eight years at Los Angeles, Cal., and is now assistant cashier of the German-American Trust and Savings Bank of that city.

Not a few of his suggestions for securing and conserving the bank's

W. R. Morehouse
ASSISTANT CASHIER GERMAN-AMERICAN TRUST AND SAVINGS BANK, LOS ANGELES, CAL.

business have been partially if not wholly adopted, and have proved effective in increasing the bank's growth and popularity, and perfecting the "Efficient Service" of which his institution is so justly proud.

Mr. Morehouse is an enthusiastic champion of the element in the employee which he calls "personal resource." He believes that the most important factor in business getting and business conserving is the "personal element," and, therefore, maintains that the efficiency of a bank's service and its strength largely depend upon and may be measured by the strength of the personality of the officers and employees of the institution.

Just what he means by "personality" or "personal resource" was thus stated in something he wrote not long ago for "The Teller," a publication issued by the Los Angeles Chapter of the American Institute of Banking:

"By this 'Personality' or 'Personal Resource,' I mean that element in the personal make-up that compels others to take an interest in you and what you do and stand for as soon as they meet you; that power which even on slight acquaintance commands the attention and respect of men, that makes your very energy and enthusiasm infectious, giving you an immense advantage over the man who does not see the essential nature of the personal element in the business world.

"An officer or employee to be permanently useful and effective as such must have a personality built upon moral principle, rockribbed and uncompromising. Next he must be ambitious; energetically, courageously and confidently ambitious to rise to the top of the ladder. Determination, quiet and cool, yet invincible, must be found among his sturdy graces. There must also be a prompt and accurate decision, to keep the battle going and set the pace, without hesitation, wavering, or procrastination.

"In the expression of these, and in contact with men, particularly, every smile and look must spell cordiality and generosity; cordiality in cheerfulness and friendliness, and generosity in respecting the rights and opinions

of others. In substance, there must be the combination of the really alive and genuinely true man, with a manner cordial and friendly in every act and word, in order to constitute a really effective personality."

It is Mr. Morehouse's intention to have the above personified so far as possible in the employees in the bank with which he is associated. More practically, even, an inventory would show that these qualifications actually exist to a remarkable extent in the force of the German American Trust & Savings Bank.

Mr. Morehouse has frequently contributed articles to THE BANKERS MAGAZINE, giving the results of his study and experience along the lines indicated. He would be glad to exchange correspondence with other bankers who may be interested in the subjects discussed.

W. R. Morehouse was born at Falmouth, Michigan, in 1879, and in 1884 went with the family to California. After completing the grammar and high school courses in the schools of San Jacinto, he studied in the University of Southern California at Los Angeles, part of his studies including stenography, bookkeeping and business law. He began his business career as cashier and sales manager of a large mercantile firm in Los Angeles, but an opportunity arising in 1900 to become assistant cashier of the First National Bank of San Jacinto, he went there, thus returning to his old home. His position was practically that of executive manager of the small institution, whose deposits were then about $71,000. During the following three years the deposits rose to $225,000, no inconsiderable portion of which increase may reasonably be attributed to the personal effort and enterprise of the young assistant cashier. The experience gained in this situation was of no small value in broadening his outlook and capacity for general usefulness in banking work.

In 1904 Mr. Morehouse resigned his position in San Jacinto to make his home in Los Angeles. Several opportunities were offered him at this time, but they were related to outside and limited fields; and the young banker foresaw that any foothold in the coming metropolis would soon furnish him a standing and a field of work that would far surpass any other. Accordingly, he clung to his resolution to remain in Los Angeles, entering the employ of the Columbia Savings Bank, which six months later was merged with the Union Bank of Savings, which in its turn was taken over by the German-American Savings Bank. Within the past year the institution's name has again changed to become the German-American Trust and Savings Bank, of which Mr. Morehouse is an assistant cashier.

A Sliding Scale of Interest on Bank Deposits

CALLING attention in a recent letter to the New York Journal of Commerce to the accumulation of funds in New York, Robert D. Kent, president of the Merchants Bank of Passaic, N. J., says:

"Hear what James B. Forgan says about this condition: 'In the long run commerce suffers more from periods of overabundance of money than from those of scarcity. The origin of each recurring period of tight money can be traced to preceding periods of easy money. Whenever money becomes so overabundant that bankers, in order to keep it earning something, have to force it out at abnormally low rates of interest, the foundations are laid for a pe-

riod of stringency in the not far distant future, for then speculation is encouraged, prices are inflated, and all sorts of securities floated.'

"In December, 1905, the average rate for call money was 21½ per cent., in December 1906, 15¼ per cent. In 1907 we are told by John Harsen Rhoades in a recent address that his firm was called upon by a large New York Trust Company to pay interest on a well secured loan at the rate of fifty per cent. Bear in mind that under these vastly varying conditions the national banks of New York do not change the rate of interest for out of town balances. They should when money is so plentiful drop the rate to say one per cent. and discourage the concentration of funds in their hands. The funds on hand would not then have to be forced out to produce the conditions told of by Mr. Forgan. Under the conditions that existed in 1907 the banks should raise the rate to four, five or six per cent. for balances. This would cause funds to be drawn to New York from all parts of the country from whence they could be spared, thus affording relief to the tension.

"The Bank of France claims that by not greatly varying the rates to borrowers it confers incalculable benefits upon French trade in all its forms. How different our condition with our wildly fluctuating rates.

"I wonder if it is generally understood that there is no elasticity to the monetary system of Great Britain. The sole means of regulation is that exercised by the Bank of England in raising and lowering its discount rate to correspond with the supply and demand of money. The action I advocate for the New York banks would have a similar result.

"Many authorities have written in a condemnatory way of this feature of our banking practice, but no one seems to have treated it in an exhaustive manner.

"Is there not some way of waking up the New York banks to the enormity of their handicap upon the business interests of the country by their neglect to act in harmony with this economic law."

A Word for the Stock Exchange

WHILE so much criticism is being aimed at the Stock Exchange, the following from a recent number of the "Wall Street Journal" may be interesting as giving another view:

"Nobody would suspect David Lloyd George, the most radical Chancellor of the Exchequer Great Britain ever had, of tenderness for capitalists, or the money trust. But when he discusses the London Stock Exchange, a freer market than our own, he does not deceive himself and a credulous public by such question-begging epithets as 'stock gambling,' 'manipulation,' 'wash sales,' 'watered stock' and all the other stage properties so dear to reformers who would not know a wash sale if they saw one. Speaking of transactions on the Stock Exchange with a view to taxation, Mr. Lloyd George says: 'Such transactions being mainly of a speculative character and worked upon narrow margin, will clearly not bear a rate of duty in any way comparable with that charged upon actual conveyance. Such an impost would, in the first place, from the point of view of the revenue, defeat its object by rendering the greater portion of such transactions impossible; while in the second place, it would, in my opinion, be opposed to the public interest as calculated to curtail that free circulation of securities which is a necessary condition of steady prices and an open market. For, although these transactions are in the main speculative transactions, and do at times, like all speculative transactions, degenerate into mere gambling, it is a mistake to sup-

pose that this is their essential or pervading characteristic. In their proper place they form part of the legitimate machinery for discounting fluctuations in value, necessary not only to the Stock Exchange, but to every sphere of commercial activity, and the imposition of a penal tax designed to curtail the mischievous developments of the system could scarcely attain its object without inflicting irretrievable damage upon the marketability of securities as a whole.'

"This critic is a radical, but he is not a fanatic or a fool. He knows the essential difference between speculation and gambling and he sums up, curiously enough, the unanswerable argument against that short-sighted burden upon a process of trade—our state stock transfer tax."

Trustee Savings Banks in the United Kingdom

(From the Accountants Magazine, Edinburgh.)

THE Annual Parliamentary return in connection with Trustee Savings Banks for year ended November 20, 1911, has been recently published. It shows that there were at that date 215 banks in the United Kingdom having 1,849,043 depositors' accounts, with a total amount owing to them of £53,032,596. The banks are distributed as follows:

	No. of Banks	No. of Depositors' Accounts	Total Amount Owing to Depositors
England and Wales	138	1,176,889	£30,279,751
Scotland	63	590,398	19,528,680
Ireland	12	56,495	2,594,302
Islands in the British seas	2	25,261	629,863
Total—United Kingdom	215	1,849,043	£53,032,596

The average rate of interest paid to depositors is £2 9s. 11d. per cent., the rate in England and Scotland being £2 10s., and in Ireland £2 9s. 7d. The average rate per cent. per annum on the capital of each bank for expenses of management is 5s. 10d., Scotland being lowest with 5s. 1d., England and Ireland being 6s. 3d. The average cost of each transaction is 6.4 d., Scotland again being lowest with 5.1d., England and Ireland being 6.9d., and 1s. 1d. respectively.

These banks have also £2,657,815 of Government stock standing to the credit of depositors as follows:

England and Wales	£2,072,550	19	1
Scotland	387,137	1	3
Ireland	159,727	19	3
Islands in the British seas	38,399	9	8
	£2,657,815	9	3

It will be seen that in proportion to population Scotland has more banks and more savings than England, in addition to carrying on the banks at less cost.

No trustee savings bank has been closed during the year ended November 20, 1911, nor has any transferred its funds to Post Office Savings Bank.

Exclusive of special investment departments, the total number of depositors in trustee savings banks in the United Kingdom at November 20, 1911, was 1,849,043. There were 3,871,306 deposits and 2,078,019 withdrawals during the year. The average amount at the credit of each deposit account is £28 13s. 7d., the average sum paid in £3 13s. 7d., and the average sum drawn out £7 1s.

Lowry National Bank of Atlanta, Ga.

LOWRY NATIONAL BANK, ATLANTA, GA.

FEW bankers in the country are better known or better liked than Col. Robert J. Lowry, president of the Lowry National Bank of Atlanta, Georgia. Col. Lowry was elected president of the American Bankers Association in 1896 and presided at the convention of that organization at Detroit in the following year. His long official connection with the association (as member of the executive council, vice-president and president) made him well known to the bankers of the country, and his own character and attainments made him respected and well liked. But he is not merely a

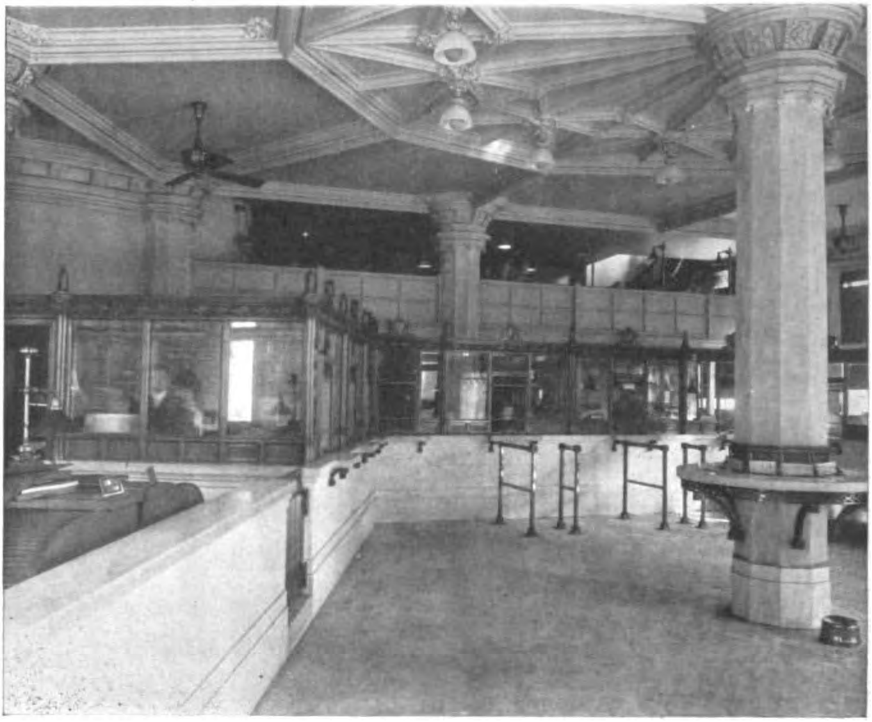
Robert J. Lowry

PRESIDENT LOWRY NATIONAL BANK, ATLANTA, GA.; EX-PRESIDENT AMERICAN BANKERS ASSOCIATION

popular banker but a successful one, and his success has grown steadily from modest beginnings and has been built up on a sure foundation. He went to Atlanta from Tennessee in 1861, and went into the produce commission business. After the war closed his father joined him in the wholesale grocery business with banking annexed, but in the early seventies the grocery business was dropped and the firm of W. M. & R. J. Lowry carried on banking exclusively. In 1887 the business was incorporated as the Lowry Banking Company under a State charter, with $350,000 capital and

$70,000 surplus. In August, 1892, the bank moved into its new quarters in the Equitable Building, and gained the advantage of handsome and well-equipped banking rooms in a fine modern building. The State charter was retained until 1900, when the bank incorporated under the National Bank Act as the Lowry National Bank, increasing the capital to $500,000. Later the capital was increased further, to $800,000 at first and then to $1,000,000 and the surplus was raised to the same amount, with over $200,000 undivided profits. Total resources are ranging and increasing space in a way that has added much to the convenience of the public and of the officers and employees as well.

The modern banking plan of placing the lobby in the center, surrounded by the different departments and with the officers at their desks in plain view and easy access, has greatly increased the facilities for the transaction of business. All departments of the bank are in plain view of the officers, and all the officers may be easily reached by any one desiring to transact business.



MAIN LOBBY, SHOWING OFFICERS' QUARTERS, LOWRY NATIONAL BANK, ATLANTA, GA.

at present in the neighborhood of $10,000,00.

Having an adequate capital and surplus, making for both strength and efficiency of banking service, and being well equipped in every respect to do all kinds of commercial banking, and having besides a savings department and well-appointed safe deposit vaults, the Lowry National's growth is a natural result of being well prepared to care for business coming its way, and an energetic and careful official staff have seen to it that a due share of business was obtained and well and safely cared for.

Last summer the Lowry National Bank expended between fifty and sixty thousand dollars in remodelling its banking rooms, making them thoroughly modern and rear-

The furnishings of the new offices are of marble, bronze and steel. The floors, wainscotings and customers' desks are of Alabama marble; the fixtures and upper grill work are of bronze and the furnishings throughout, desks, file cases and all, are of steel, while cork floors contribute to comfort and absence of noise in the offices.

A private branch telephone exchange connects with twenty interior stations, so that it is possible for a customer to converse with any department of the bank without delay.

The lighting is perfect. The system of Tungsten lights furnishes a brilliance that rivals the light of noonday, with an unclouded sky.

The bank equipment includes eleven elec-

PORTION OF PUBLIC SPACE, MAIN LOBBY, LOWRY NATIONAL BANK, ATLANTA, GA.

tric adding machines and every other modern device for facilitating banking operations.

PERSONNEL OF THE BANK.

After all, while the building, the furniture and fixtures have much to do with the appearance of a bank and add largely to its convenience, the real bank consists in those who handle its affairs. Who these are, in this case, is thus told by the "Atlanta Constitution"—certainly a good authority on anything pertaining to that city:

Colonel Robert J. Lowry, president of the Lowry National Bank, is too well known to need any introduction to an Atlanta public. He is one of the commanding figures in Atlanta banking circles, known not only at home, but throughout the United States, from Maine to California and from the lakes to the gulf. For many years he has been a regular attendant at all the meetings of the American Bankers' Association, and was its president during the well-remembered free silver agitation. His firm and insistent position in behalf of the preservation of the gold standard won him the commendation of American banking and business men throughout the country, and one of his proudest possessions is a gavel made of gold presented to him by the American Bankers' Association as a testimonial to the firm stand he then took. The handle of this gavel was made from part of one of the thirteen trees which were planted on Washington Heights by Alexander Hamilton.

Colonel Lowry has taken frequent and prominent part in all leading movements for the upbuilding of Atlanta, and has contributed his generous share toward the growth of the city which has brought growth and prosperity to the bank.

Thomas D. Meador held the position of vice-president of the Lowry Banking Company while still a member of the well-known wholesale firm of Oglesby & Meador, but about twenty years ago gave up his mercantile business to become active vice-president of the bank. Mr. Meador's business experience has brought him not only a wide circle of friends in Atlanta and throughout the State and South, but it has given him an extensive and intimate knowledge of credits, both of which factors have proven invaluable in the upbuilding and success of the institution.

Joseph T. Orme, now vice-president of the Lowry National Bank, has been associated with Colonel Lowry more than thirty-seven years. There is no abler banking executive in the South. His administrative ability has been a powerful factor in giving to the bank its present well ordered and practically perfect system. Mr. Orme was cashier of the bank until 1908, when he was made vice-president. His interest extended not alone to the institution, but to the upbuilding generally of the banking business in Atlanta, and he was largely instrumental in establishing the Foreign Collection De-

partment in the Atlanta Clearing House Association. Mr. Orme has been treasurer of the Atlanta Chamber of Commerce for many years. He served two terms as treasurer of the City of Atlanta, and is now treasurer of the State Tuberculosis Sanitarium, and president of the Georgia Railway and Electric Company.

Henry W. Davis, cashier, and E. A. Bancker, Jr., assistant cashier, have both been with the institution for twenty years or more. Mr. Davis came to Atlanta from Camden, S. C. He has seen service in practically every department of the bank, and in 1908, when Mr. Orme became vice-president, he was promoted to the position of cashier. He is a director in the Atlanta Athletic Club and has made numerous friends since his residence in Atlanta, and is popular with all who know him. Mr. Bancker came to Atlanta from New Orleans. He has likewise seen service in every department of the bank, and when Mr. Davis was made cashier, he was appointed assistant. The growth of the bank demanding additional assistance about a year ago, a second assistant cashier, H. Warner Martin, a son of Edmund W. Martin, a well-known Atlanta lawyer, was appointed to this position.

There have been associated with the Lowry National Bank some of Atlanta's most substantial business men, who have contributed no little to its strength and solidity.

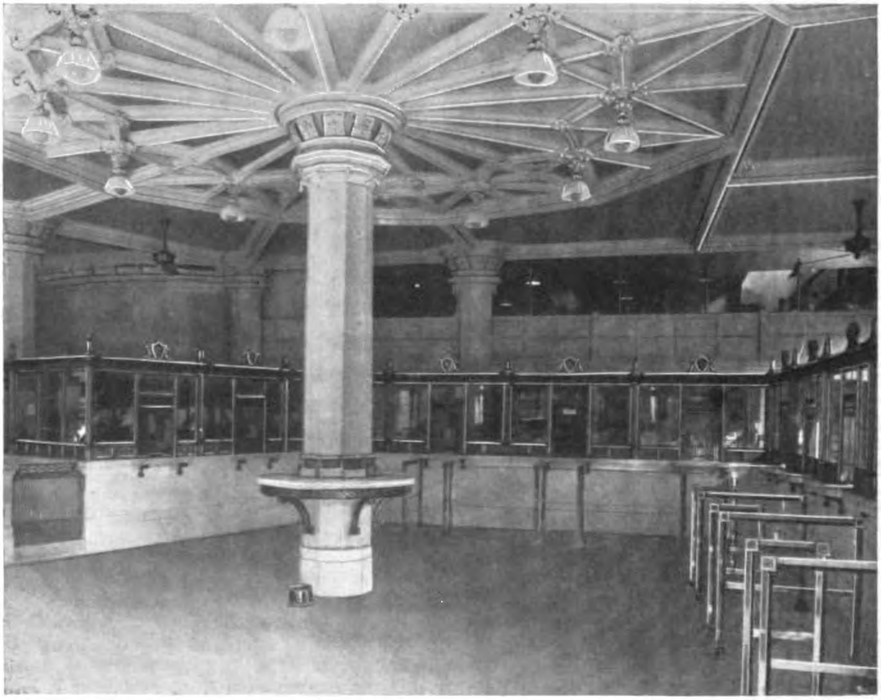
There has been, in fact, little change in the directorate from year to year and the names of many of those comprising the board to-day will be found upon its stationery of twenty years ago and more.

Among the older names upon the board are found those of J. H. Porter, remembered as president of the Merchants' Bank; R. C. Clark, of T. M. Clark & Co., and Joel Hurt, in addition to Colonel Lowry, Mr. Meador and Mr. Orme.

The present board is composed of Thomas J. Avery, Thomas Egleston, Samuel M. Inman, Robert J. Lowry, John E. Murphy, Thomas D. Meador, J. H. Nunnally, Joseph T. Orme, Frederick J. Paxon, Ernest Woodruff, Mell R. Wilkinson and three others who were added at the January meeting, Edward H. Inman, E. P. McBurney and Henry W. Davis. Captain William G. Raoul, who died since the January meeting was held, has been succeeded on the board by his son-in-law, Thos. K. Glenn, president of the Atlanta Steel Co.

Combined with banking and business experience, the officers and employees of the Lowry National Bank have that spirit of genuine courtesy which has been an important factor in the bank's successful growth.

Note—Since the above was in type the Lowry National Bank has announced the death of its vice-president, Joseph T. Orme.



TELLERS' CAGES, LOWRY NATIONAL BANK, ATLANTA, GA.

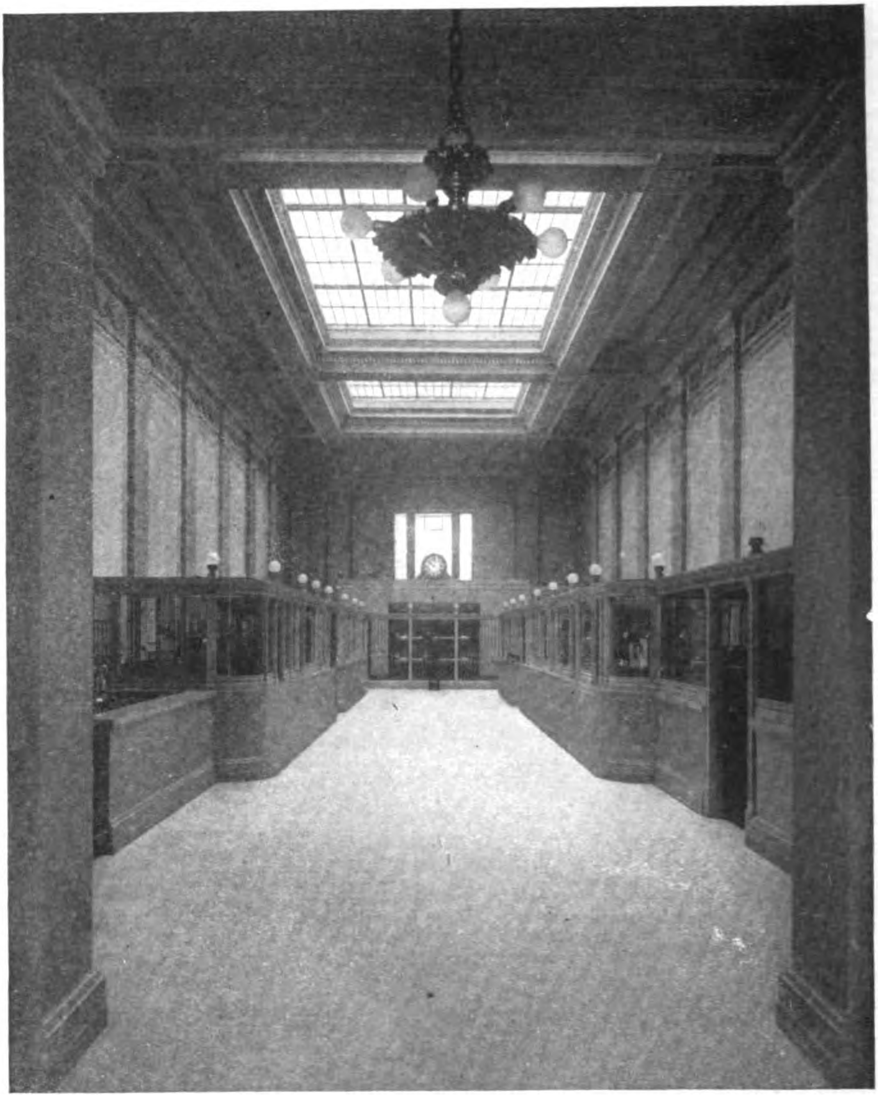
Central State Bank, Des Moines, Iowa

DECEMBER second, 1912, was a notable day for the officers and directors of the Central State Bank of Des Moines. The opening of the bank's new home on the date named brought to them the territory which it serves. The massive granite structure at 312-314 Fifth street, with its splendid equipment, is an expressive and lasting tribute to the builders and to the city.

CENTRAL STATE BANK, DES MOINES, IOWA

the realization of long contemplated plans and marked the beginning of a new era in the bank's history. Seldom in the Middle West has an institution given more substantial and permanent expression of its faith in the future of the community and

About three years ago, encouraged by the steady growth of business, the directors determined that the bank should be suitably housed. After a thorough study of the situation, the present site was purchased. Trips were made to various sec-



MAIN LOBBY SEEN FROM VESTIBULE, CENTRAL STATE BANK, DES MOINES, IOWA

tions of the country by some of the officers to determine the type of building desired. It was finally concluded that for several reasons a building for the bank's occupancy alone was preferable to an office building.

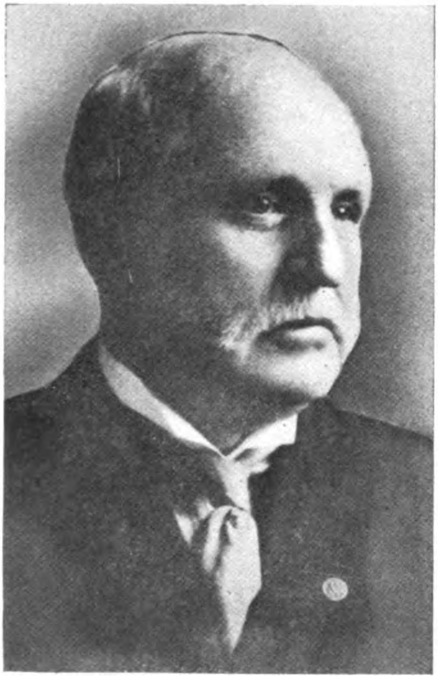
In the spring of 1911 Messrs. Mowbray & Uffinger of New York city were retained as architects and a few months later contracts were signed for the erection of the new home. Delays in obtaining possession of the premises postponed operations until the following fall. Unusual precautions were taken in the laying of extra heavy foundations and walls so that with the elaborate interior finish about thirteen months elapsed before the building was completed and occupied.

Description of the New Building.

The exterior of the bank is a most perfect example of Greek architecture, designed in strict accordance with classic lines and proportions. It is a marvel of simplicity, and is built of the finest of extra hard Milford, New Hampshire granite. The interior, dignified and harmonious in design, is not only admirably planned to meet the particular ends it is to serve, but in space management, in simplicity of or-

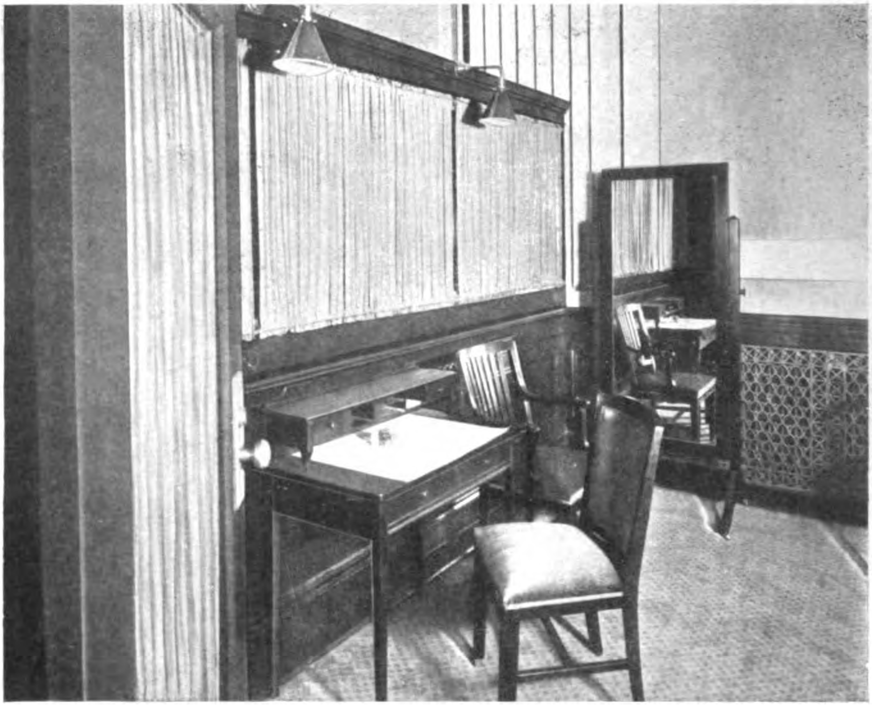
SIMON CASADY
PRESIDENT CENTRAL STATE BANK,
DES MOINES

J. D. WHISENAND
VICE-PRESIDENT AND ORGANIZER OF THE
CENTRAL STATE BANK, DES MOINES

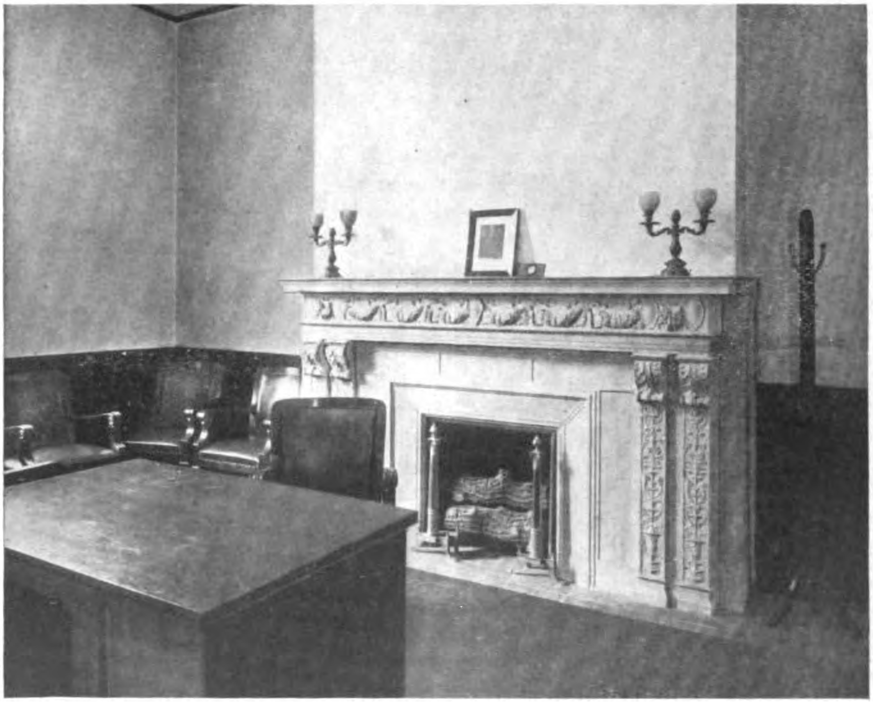


COL. H. B. HEDGE
VICE-PRESIDENT CENTRAL STATE BANK,
DES MOINES

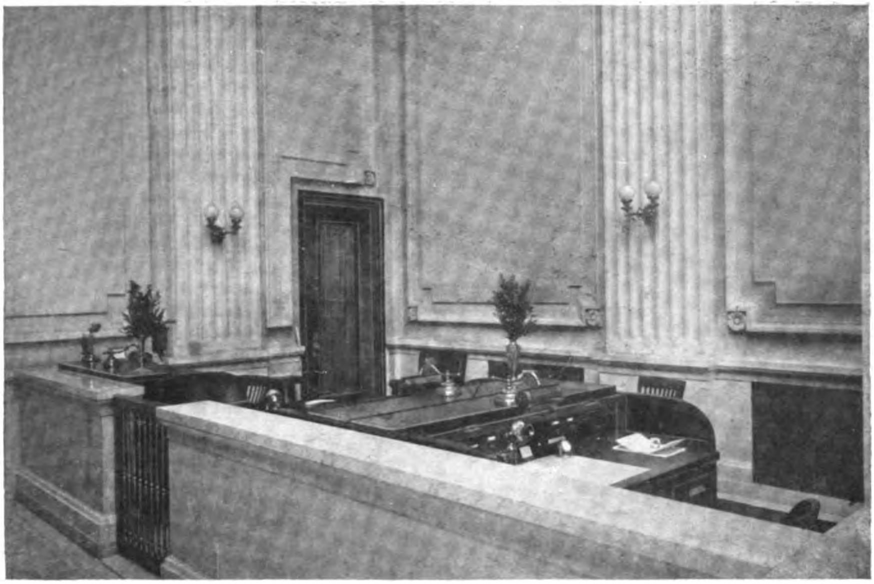
FRED S. RISSER
CASHIER CENTRAL STATE BANK,
DES MOINES



LADIES' REST ROOM, CENTRAL STATE BANK, DES MOINES, IOWA



DIRECTORS' ROOM, CENTRAL STATE BANK, DES MOINES, IOWA



OFFICERS' ROOM, CENTRAL STATE BANK, DES MOINES, IOWA

namentation and detail, in beauty of modeling, and agreeable interplay of quiet color, it typifies the best art in public buildings of to-day. The side walls of the interior are designed to represent the caen stone of France and carry the soft uneven tone of the original stone, a cream shading and running slightly to brown.

This is the general color tone of the building, deepening to dull gold in the cast bronze fittings and contrasting effectively with the rich hue of the brown colored mahogany, which is the only wood used.

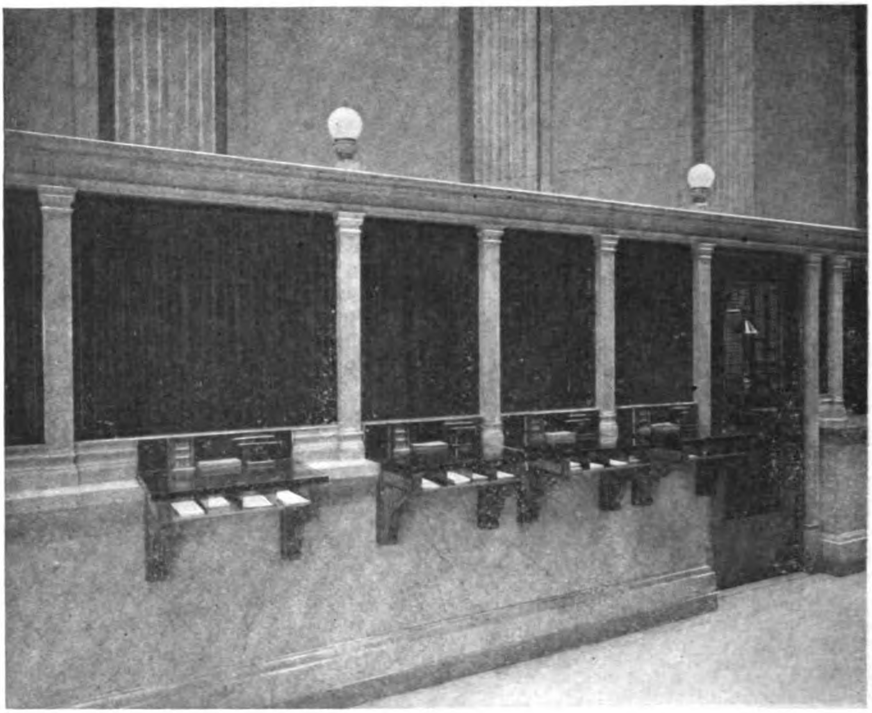
The floor is of a lusterless Tennessee marble, slightly deeper in color than the walls, and the counter screen is of polished Italian Botticini marble, that gleams with warm cream brown lights.

It is of this beautiful marble that the walls of the entrance hall are built, through which one passes by swinging bronze and mahogany doors into the banking room proper.

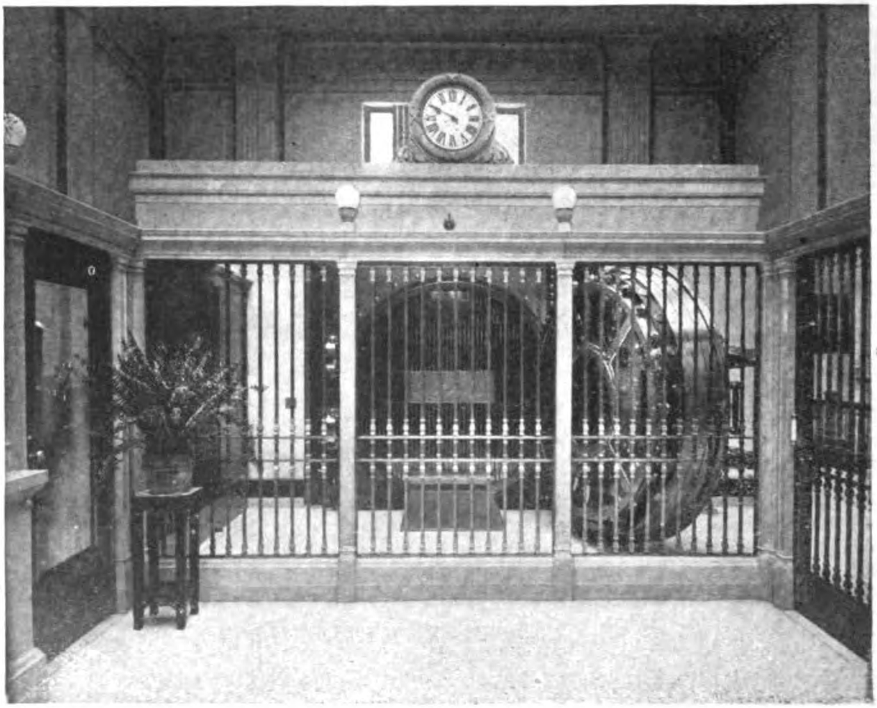
An open rectangular space, about fifteen feet in width and eighty feet in depth, runs from the entrance to the safe deposit vault at the rear, from which it is shut off by marble and cast bronze grille work, with doors at either side. This vault is one of the most prominent and interesting features of the building. The main entrance has a massive circular chrome steel door, seven feet in diameter, which is operated under the protection of four time locks, double combinations, and other automatic devices. This door, with its frame, weighs about twenty-three tons and is an impressive and beautiful example of the best and most modern vault architecture. In addition to the main door an emergency door is provided. This is the equal of the main door in every respect except that it is only large enough for a boy or small man to crawl through. About one thousand safe deposit boxes are installed, many of which are already rented. The vault has a total capacity of twenty two hundred boxes and provision has been made for an additional vault of like capacity. The bank's safes are located in a steel grilled enclosure inside the safe deposit vault, and the book vault is entirely separate. A trunk storage vault is in the basement.

At the right of the entrance to the public lobby is a ladies' rest room, with lavatory, writing desk, mirrors and comfortable chairs. Immediately in the rear is an office for the use of inactive officers. Following is the savings department, commodiously designed, with a view to this rapidly growing branch of the business. Next are arranged a number of beautiful coupon rooms for the use of customers of the safe deposit department. These are handsomely finished in mahogany, plate glass and bronze. To the opposite side of the room are the tellers' cages and the general working space. These are roomy, but so conveniently arranged that the day's work is done with but few wasted steps.

The directors' room, which also serves as a private room for the officers, is immediately at the left of the entrance and is very handsomely furnished in East India Vermilion mahogany and a Pompeiian stone mantel of exquisite design and color treatment. Opening at the rear of this room are the offices of the president, vice-president



CUSTOMERS' DESKS IN MAIN LOBBY, CENTRAL STATE BANK, DES MOINES, IOWA



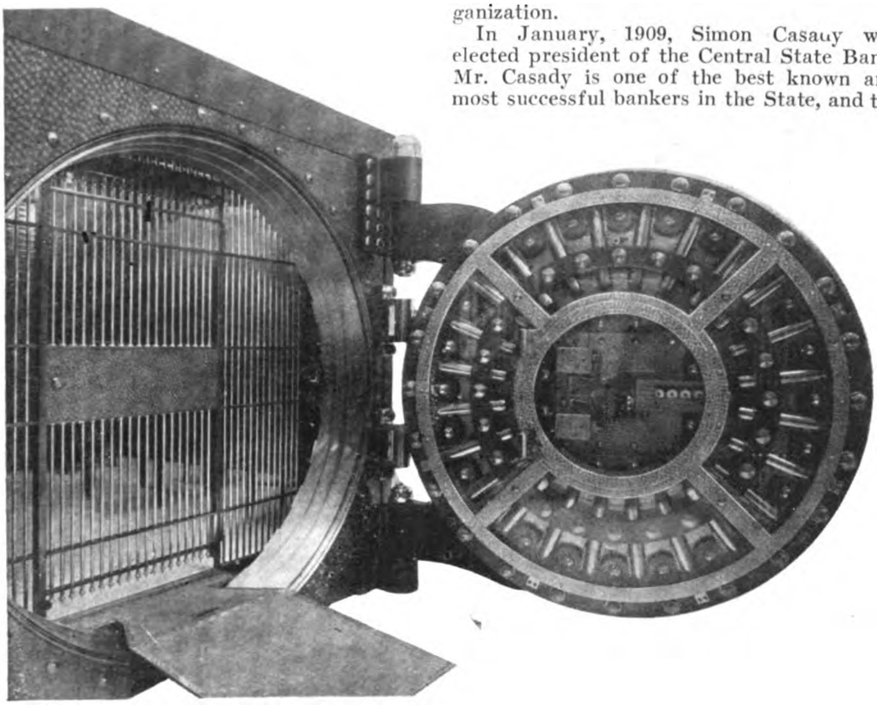
ENTRANCE TO VAULT FROM MAIN LOBBY, CENTRAL STATE BANK, DES MOINES, IOWA

and cashier, finished with marble wainscoting and separated from the public space only by a low marble railing.

The entire banking room is lighted from above by French casement windows, which extend almost entirely across the ceiling. The plastered portion of the ceiling is beautifully modeled in rectangular panels and is supported by massive pilasters with heavy cornices, thus completing the admirable dignity of the interior.

Mr. Whisenand was born in Monroe county, Indiana. He was admitted to the bar while a resident of Chariton, Iowa, and practiced law several years in Des Moines before engaging in the banking business. He is president of the Central Trust Company of Des Moines, president of the First National Bank of Prairie City and the Minburn Savings Bank of Minburn and has been the dominant force in these prosperous institutions from the time of their organization.

In January, 1909, Simon Casady was elected president of the Central State Bank. Mr. Casady is one of the best known and most successful bankers in the State, and the merging of his interests with those of Mr. Whisenand gave an increased impetus to the business. The capital of the bank was increased from $50,000 to $200,000, and the deposits doubled in less than a year.



A CLOSE RANGE VIEW OF SECTION OF THE VAULT, CENTRAL STATE BANK, DES MOINES, IOWA

Organization and Growth of the Bank.

The Central State Bank first opened for business in the spring of 1895 at 215 Fifth street. Some years later the room adjoining on the north was added and these quarters served until the present building was completed. J. D. Whisenand was the leading spirit in the organization, and was cashier until elected to the vice-presidency. Too much cannot be said in praise of his untiring energy, optimism, and consistent efforts. The success of the institution and the firm foundation on which it is built have been due in a very large degree to his wise guidance. Through times of prosperity, wide expansion of credit and through times of panic and depression, his hand has been firmly on the helm and the bank has progressed steadily and surely.

The fact that Mr. Casady was born on the same lot on which the new banking house now stands adds a touch of sentiment to the handsome structure. He has been engaged in the banking business from his early boyhood days, having organized the Des Moines Savings Bank in 1875. He is treasurer of the Bankers Life Company and was its first secretary. He is also treasurer of the Iowa Loan and Trust Company and president of the Norwalk State Bank of Norwalk, Iowa; the Cumming Savings Bank, Cumming, Iowa; the Citizens Savings Bank of New Virginia, Iowa, and the First National Bank of Valley Junction.

H. B. Hedge, also vice-president, and one

of the bank's organizers, is more familiarly known as Colonel Hedge because of the service rendered to his country during the Civil War from 1861 to 1865. Mr. Hedge has been prominently identified with the commercial and financial interest of Des Moines for many years. He is now an officer and one of the principal stockholders in the Kratzer Carriage Company and was one of the leading manufacturers of barbed wire in the early days of that industry. A native of Pennsylvania, he came to Iowa in the sixties and after a few years farming became interested in commercial lines.

GRANT McPHERRIN

CASHIER CENTRAL STATE BANK, DES MOINES, IA.

Fred S. Risser, the bank's cashier, is a native Iowan and acquired his business training in mercantile pursuits. From bookkeeper in a country store and subsequent experience in credits it was but a step to the banking business. He became cashier of the First National Bank of Prairie City, Iowa, in 1903, where he remained until elected to the cashiership of the Central State in 1908.

The bank has always been fortunate in its selection of directors. In addition to the four officers named, the board is composed of R. T. Wellslager, J. W. Hill, J. G. Olmsted, W. H. Langan, and Henry S. Nollen. All are prominent in the lines they represent. Mr. Wellslager enjoys the distinction of being the oldest bank officer in the city in point of years in service. He still occupies a desk at the bank, transacting his business and receiving his many friends.

The steady progress of the bank is told by the following comparative statement of deposits:

June 29, 1895	$52,119.97
June 30, 1898	210,939.84
June 29, 1901	461,941.93
Apr. 30, 1904	738,711.37
Apr. 19, 1907	1,094,900.82
Apr. 19, 1910	2,292,459.14
June 29, 1912	2,619,944.17
Nov. 26, 1912	2,995,619.44

Since the above article was put in type Fred S. Risser has resigned his position as cashier, and Grant McPherrin of Des Moines has been elected his successor.

Mr. McPherrin, when still a boy in high school, cherished the hope of some day becoming a banker, and finally gained the consent of his parents to enter the bank of C. S. Stearns & Bro. at Garden Grove, Ia., where, for six months, he worked without salary. These six months he now claims to be the most profitable of his life, owing to the training received under C. S. Stearns. Here he soon learned that without capital the rise to ownership of a bank would be a slow and tedious process. For this reason, he accepted a position in a general store. After a short time he engaged in the mercantile business for himself, at Clearfield, Ia., which he carried on successfully for seventeen years.

In 1903 he bought the Clearfield Bank and operated it as a private institution until 1909, when he incorporated and organized as the First National Bank of Clearfield. A year later he sold the controlling interest and came to Des Moines.

In 1911 he organized the Drake Park Bank and still retains an active interest in both these banks, being vice-president of the First National Bank of Clearfield, and president of the Drake Park Bank.

He is well known in Iowa banking circles.

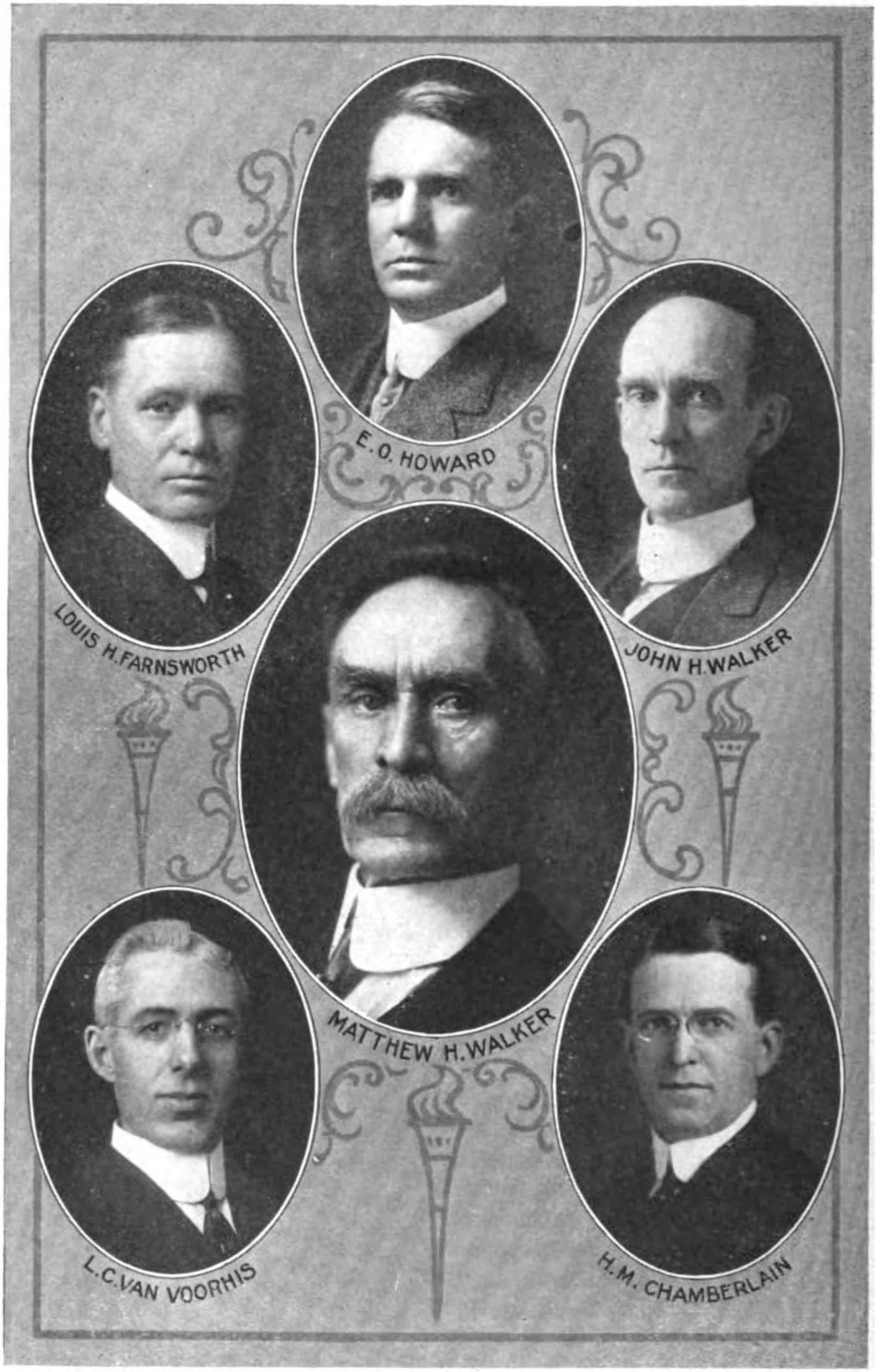
Convenient Check Protector

A CHECK protector that can be used by travellers has been invented and put on the market by M. H. Page of San Francisco. The Page Check Protector can be carried in a traveling case or even in the pocket, as it weighs only four ounces, while the cost ($4.50) is so low as to place it within reach of those to whom the cost of the ordinary check protector is a serious matter. A more general use of a check protector would greatly diminish the possibility of successfully altering these instruments.

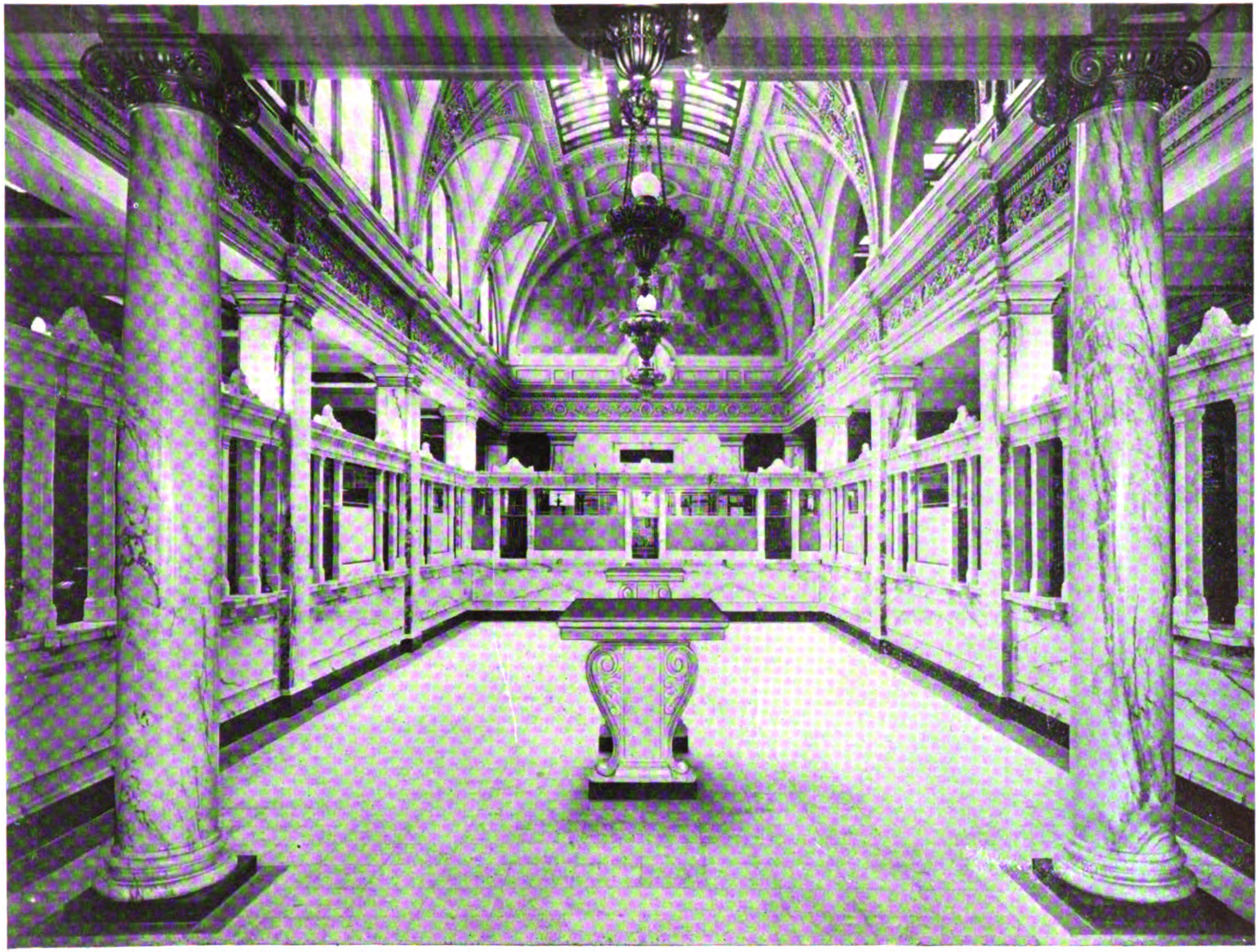
WALKER BROTHERS BANK BUILDING, SALT LAKE CITY

Utah's Oldest Bank

EARLY in the year 1859 a wagon train with oxen as the motive power pulled into the little village of Salt Lake City and stopped in front of a small two-story adobe building on the main street. Promptly the work of unloading the merchandise began, and a store was soon opened in the modest building. The sign,



OFFICERS—
WALKER BROTHERS BANKERS
SALT LAKE CITY



MAIN BANKING ROOM—WALKER BROTHERS BANKERS, SALT LAKE CITY

CORNER WOMEN'S DEPARTMENT, WALKER BROTHERS BANKERS, SALT LAKE CITY

"Walker Brothers, General Merchandise," appeared over the door. This was the foundation of what is now one of the largest banking institutions in the inter-mountain region.

There were four of the original Walker Brothers, of whom one, Matthew H. Walker, survives and is president of the financial institution which bears his name.

Scarcely had the store been opened up when the banking business was almost forced upon the firm. There was at that time no bank between St. Louis and California. The settlers got into the habit of leaving their cash with Walker Brothers for safe-keeping. This was withdrawn from time to time either in person or by means of "orders," which in fact were checks, and this soon developed into a full-fledged banking business.

The Bank's New Building.

It was in 1911 that an important step was taken in the history of this old and successful institution. This was the beginning of work on the new Walker Bank Building, within about three hundred feet of the spot first occupied and on the busiest corner in Salt Lake City. The new structure, which was only recently completed and which now houses Walker Brothers Bankers, is a handsome, steel, granite and brick building, with a tower, rising twenty stories above the street. The building rises above every other structure in Salt Lake City, and is the tallest between the Missouri River and the Pacific Coast, as the bank is the oldest in that broad extent of territory. In marked contrast with the rough board furniture of the original home (much of it made out of packing-cases) is the marble, bronze and mahogany interior of the new banking home, which is one of the handsomest in the entire country. More persons enter and leave this structure daily than were contained in the entire stretch of country between the Rocky Mountains and the Sierras when the bank had its beginning.

The banking room is almost entirely finished in marble and bronze, with the furniture in mahogany.

The president, vice-president and cashier have desks behind a marble railing immediately at the entrance. Behind them are the president's private office, consultation rooms and telephone booths. Beyond the officers is the space occupied by the working force which comes into contact with the public. On either side, behind marble and bronze fixtures, are the assistant cashiers. The women's room is on one side, and on the other is the marble staircase leading to the safe deposit vaults in the basement. The various windows are arranged in the form of a U. Beginning on the right, beyond the assistant cashiers, are the women's window, savings department, payroll, paying and receiving tellers, statements, bookkeeper, information, exchange, collections, and others. The money vault is in the rear of the room in the center, where it is most accessible from all sides.

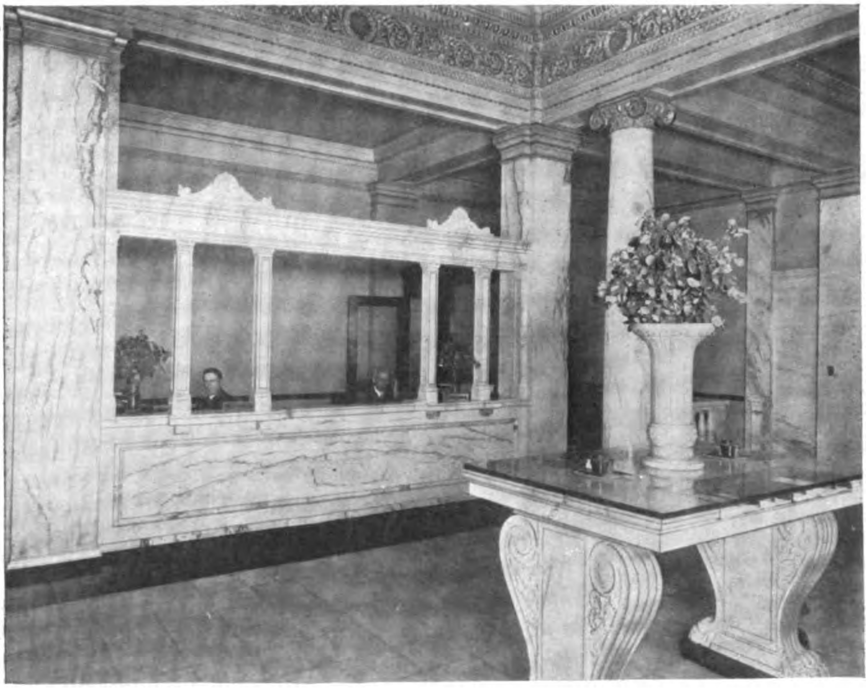
In the rear portion of the basement are a vault for the storage of records, filing-rooms and recreation and dressing-rooms for the employees.

The front portion of the basement contains the safe deposit vault, with coupon rooms, committee rooms and other facilities for patrons.

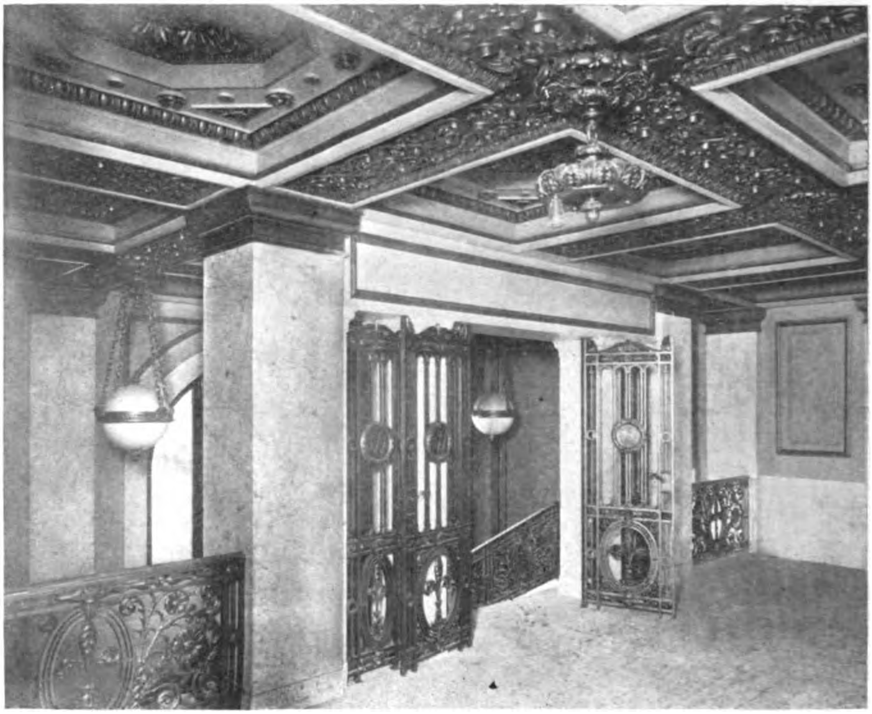
The bookkeepers are all on the mezzanine floor, where they can work under an overhead light and be removed from the confusion of contact with the public. The directors' room is also on this floor.

Communication is made easy by means of an intercommunicating telephone system,

OFFICE OF PRESIDENT, VICE-PRESIDENT AND CASHIER—WALKER BROTHERS BANKERS, SALT LAKE CITY



ASSISTANT CASHIERS' DESKS, WALKER BROTHERS BANKERS, SALT LAKE CITY



STAIRCASE FROM MAIN BANKING ROOM TO MEZZANINE FLOOR, WALKER BROTHERS BANKERS, SALT LAKE CITY

dumb waiters, carrier system, and a private elevator which operates from the mezzanine floor to the basement.

Upon moving into these new quarters, the bank abolished the distinction between receiving and paying tellers. Under the present system accounts are divided among the tellers according to the letters of the alphabet, and each teller both receives and pays for all accounts coming in his division. This change has been working out satisfactorily both to the bank and to its patrons.

An indirect heating system, air-washer and other modern equipment add to the comfort and convenience.

The building is of the most modern type in every particular. Marble and bronze have been used lavishly in the main entrance and in the staircase to the second floor, and in the finish of the corridors throughout. Filtered and cooled drinking water is furnished on every floor through sanitary drinking fountains and every other up-to-date provision is made for tenants.

One of the features of the building is the tower, which will be a free public observatory. Passes will be given on application in the bank and a steady stream of visitors has taken advantage of this opportunity for the finest view obtainable of Salt Lake City, the valley and the mountains which hem it in on every side except in the direction of the Great Salt Lake. The building has been highly popular, being about ninety per cent. occupied at the time it was completed.

Growth of the Bank Identified With Progress of the West.

The story of the growth of "The Old Bank" is replete with picturesque features, and is closely identified with the progress of the West. Methods were primitive in the early days of this institution. Checks frequently came in scratched by pencil on a piece of wrapping paper. Eastern exchanges command a high premium. Gold dust was shipped by pony express and the stagecoaches of the overland mail to take care of remittances of local merchants. Currency was scarce. To meet this need, Walker Brothers, a co-partnership, became a bank of issue. Orders on Walker Brothers in various amounts payable in cash or merchandise were for a number of years one of the principal forms of circulating medium of the inter-mountain region.

The banking business reached such proportions that it was finally segregated entirely from the mercantile. The bank grew steadily as a co-partnership. In 1903 Mr. Matthew H. Walker acquired all other interests and invited a number of leading business men of Salt Lake City to join him in incorporating "Walker Brothers Bankers" under the laws of Utah. Mr.

SECTION IN BOOKKEEPERS' DEPARTMENT, MEZZANINE FLOOR, WALKER BROTHERS BANKERS, SALT LAKE CITY

Walker was elected president, which position he still holds.

The growth of the incorporated institution has been rapid. In 1906 it absorbed the Salt Lake City branch of Wells Fargo & Company Bank, thus linking with it another historic name.

During all these years, until April, 1911, Walker Brothers Bankers did a strictly commercial business. April 1, 1911, a savings department was opened, which has had a phenomenal growth. In less than two years the deposits in this branch of the business have reached almost one million dollars. Soon afterward banking by mail was made a special feature, with the result that the business of the institution has been extended to the remotest corner of the inter-mountain region.

"The Old Bank" has been making immense strides. During the year 1912 the net increase of deposits was approximately $1,250,000, while the rate of increase during 1913 has been far ahead of that ratio.

In January, 1913, the capital of the bank was increased to $500,000, and the board of directors was enlarged to fifteen members.

Officers and Directors.

The officers of the bank are now as follows:

Matthew H. Walker, president; L. H. Farnsworth, vice-president; E. O. Howard, cashier; John H. Walker, L. C. Van Voorhis and H. M. Chamberlain, assistant cashiers.

Following are the members of the board of directors:

Matthew H. Walker, president Walker Brothers Bankers; L. H. Farnsworth, vice-president Walker Brothers Bankers; E. O. Howard, cashier Walker Brothers Bankers; John H. Walker, assistant cashier Walker Brothers Bankers; C. N. Strevell, president Independent Coal and Coke Company, coal operators; George S. Auerbach, general manager Auerbach Company, department store; H. G. McMillan, general manger Daly-West Mining Company; F. A. Druehl, secretary Pacific Land and Water Company, president Smith Drug Company, wholesale and retail druggists; W. Montague Ferry, manager E. P. Ferry Estate; J. Ross Clark, Los Angeles, vice-president San Pedro, Los Angeles and Salt Lake Railroad; Fred J. Kiesel, Ogden, Utah, president Fred J. Kiesel Company, wholesale grocers, president Ogden Trust and Development Company; Joseph Geoghegan, president Geoghegan Brokerage Company; James H. Paterson, president Strevell-Paterson Hardware Company, wholesale hardware; P. J. Moran, general contractor; T. Ellis Browne, attorney.

A Story of Sound Banking Progress

WERE a painstaking effort made to find a bank whose history affords a marked practical illustration of the triumph that follows strict adherence to sound banking principles and practices, it would probably be impossible to find a better example than the New York County National Bank of New York city. This success is made all the more noteworthy from the fact that it has been achieved in a location outside the city's great financial and shopping centres, but in a district having its special banking needs which this institution has admirably met.

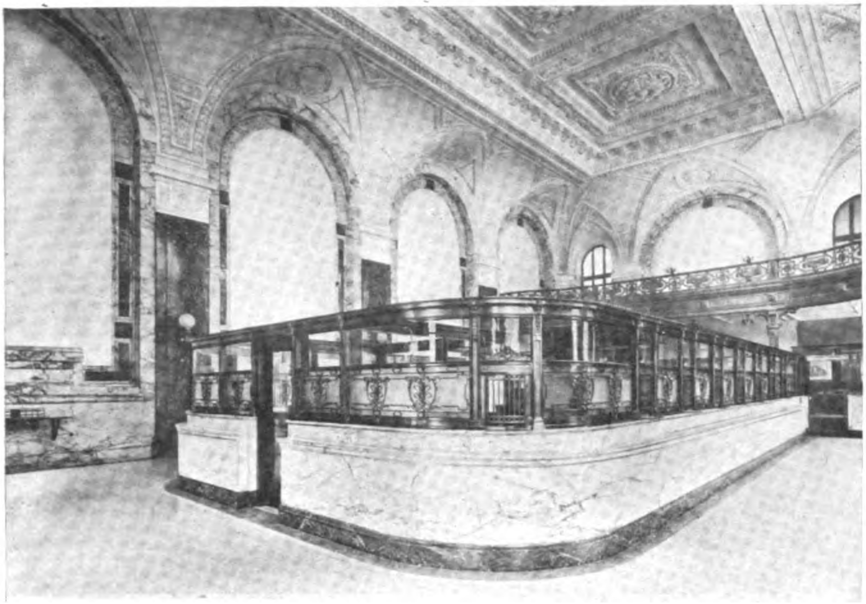
NEW YORK COUNTY NATIONAL BANK

Of course, the success of the bank has followed sound and progressive management—the rigid insistence on the rule of adequate security for every loan made. Further safety has been afforded by the large ratio of capital and surplus in proportion to deposit liabilities. Just how strong the bank is in this respect may be seen from these figures, taken from the statement of January 16, 1913:

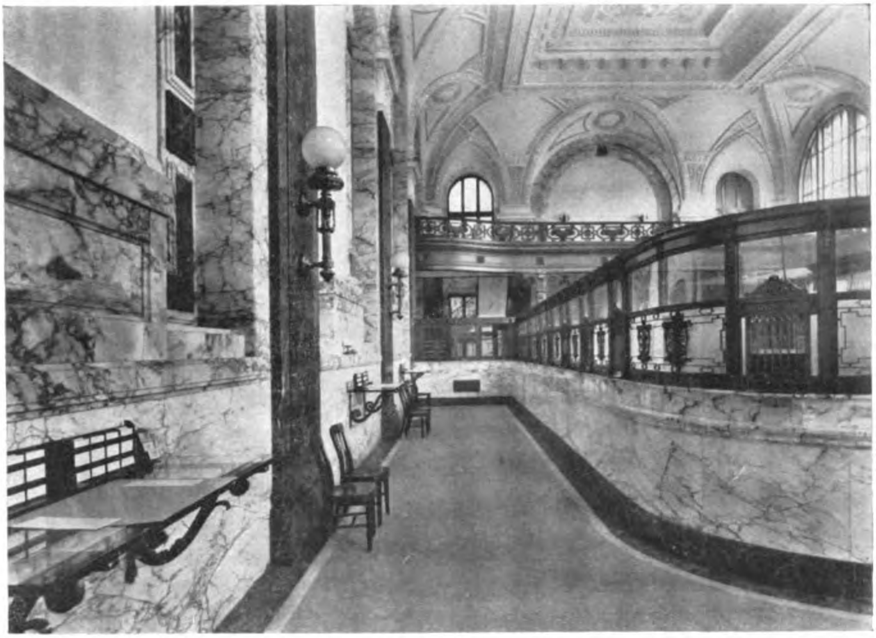
Deposits	$10,066,018.28
Capital	500,000.00
Surplus and undivided profits...	1,955,662.94

It will be seen that the capital, surplus and profits taken together are nearly one-fourth of the deposits—certainly indicating that this bank is pursuing an extremely safe course in keeping its capital and surplus adequately proportioned to deposits.

Another element of strength is the high cash reserve—$3,342,392.62 on the date



GENERAL VIEW IN MAIN BANKING ROOM, NEW YORK COUNTY NATIONAL BANK, NEW YORK CITY



A CORRIDOR IN THE SPACIOUS MAIN BANKING ROOM, NEW YORK COUNTY NATIONAL BANK, NEW YORK CITY

OFFICERS' QUARTERS, NEW YORK COUNTY NATIONAL BANK, NEW YORK CITY

above named against $10,000,000 deposits—or over one-third of the deposits, when the New York Clearing-House regulation and the National Banking Act only require a reserve of one-quarter.

There are three elements of great importance in the safety of a bank:

First. Care in making loans and investments.

Second. Maintaining a proper proportion of capital and surplus to deposits.

Third. Keeping a strong reserve on hand.

The two requirements last named are, in the case of this bank, established by the figures already quoted from the official statement, and the first requirement is evidenced by the extraordinary profits made. For a small ratio of deposits to capital and surplus, and a high reserve, combined with large profits, invariably spell capable management.

The New York County National Bank has steadily advanced its dividend rate from four per cent. the first year of its existence up to seventy-five per cent. and even to 100 per cent. occasionally. Furthermore, the price at which the stock of this bank has been sold places it among the highest-premium bank shares in the city.

How the New York County National Bank has maintained an enviable record for safety and at the same time paid a dividend which has placed the bank near the top notch as a profit-earner, may be learned from a brief reference to its history, policy and management.

Cash Payment of Checks.

In all the great commercial crises which have occurred in over a half-century of this bank's existence, it has never had to ask the indulgence of a single patron who has money in its keeping and made demand for that money, or any portion of it. No matter what may have been the general stress of financial weather it has never asked its depositors for any accommodation whatsoever, but has paid in cash, dollar for dollar, at sight, every check presented at its counter. During the period of financial stress in the panics which marked the years of 1873 and 1893 so disastrously, this bank never had occasion to take out clearing-house certificates.

Its Dealers Protected in Times of Panic.

More than that, The New York County National Bank, in those critical eras, continued right along accommodating its patrons for all amounts desired and at the old rates. Many banks on those occasions made heavy advances in their rates. The New York County National Bank made none. So far as their bank was concerned, the customers of this establishment need not have known that the financial storms in which so many wrecks occurred were raging. They were able to go right along with their banking business as serenely as though they were under clear skies and on untroubled waters, and here the wisdom of the policy which President Francis Leland

inaugurated was sufficiently vindicated. The bank's money was in the bank's vaults, in its large surplus, in other words, which always has been and still is maintained. In such stress of financial weather as prevailed in 1873 and 1893 money does talk, and it talked so well for this bank that hundreds of customers were brought to it in both 1873 and 1893, who either personally or by their descendants and representatives, have remained as patrons ever since.

It was the staunch weathering of such tempests as these, among other things, that won for the New York County National Bank its well-known reputation for taking care of its depositors and customers at all times.

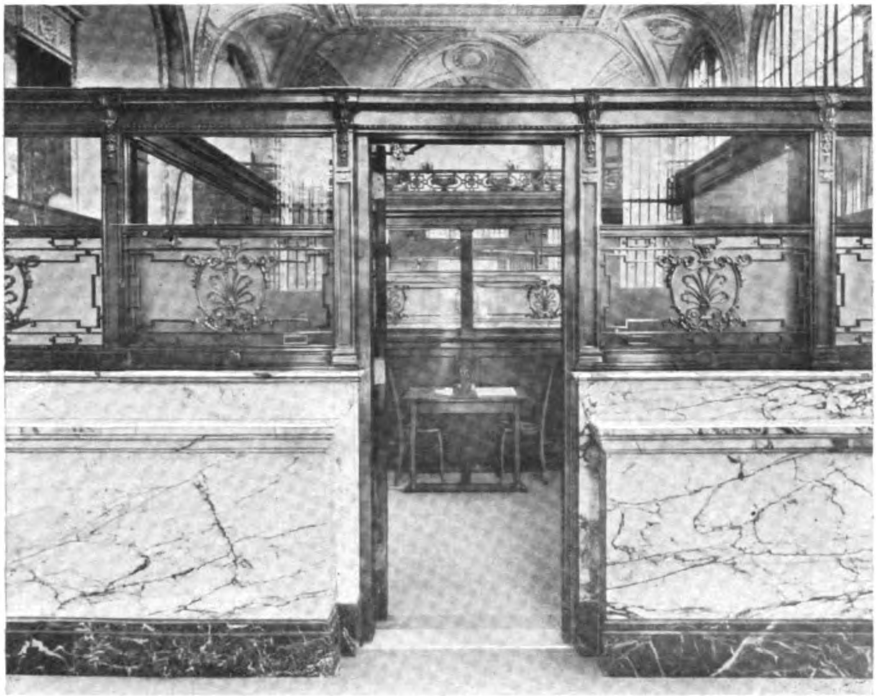
An Aid to Business Enterprise.

There is no fact in its history in which the management of this bank takes more satisfaction than in the knowledge that many business enterprises have been aided in their growth from small beginnings to great success by the policy which has enabled its banking methods to be of substantial value to them, while at the same time greatly advancing the interests of the bank by the development of valuable customers. Business friendships have thus been established which have continued from one generation to another, with the result that the bank has patrons, not only in its own immediate neighborhood, but widely scattered over the entire city; the habit and traditions of banking with the New York County National Bank having continued in families long after their removal from the bank's locality.

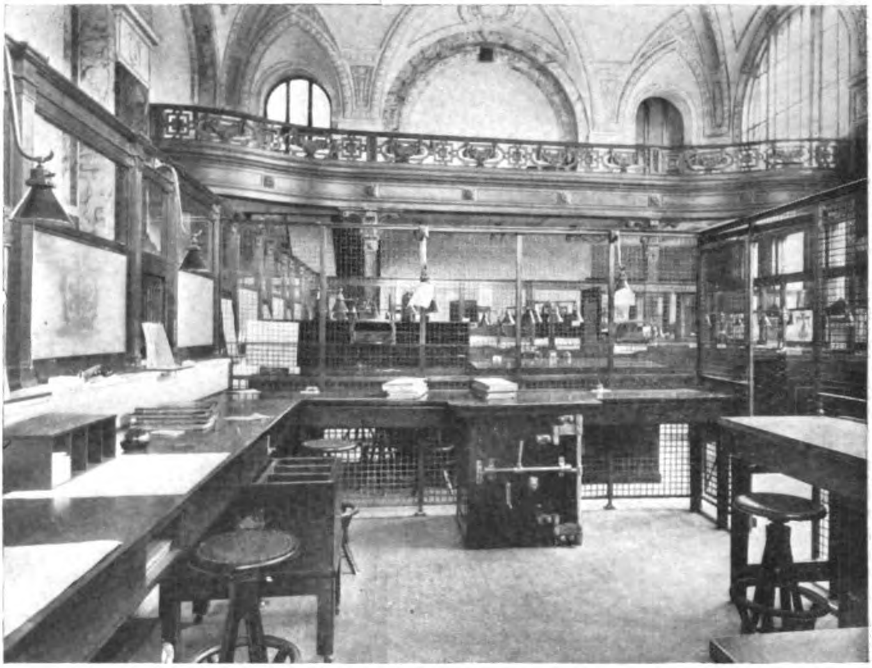
The bank always has been, and still is, a bank for men of moderate resources. The stiff formalism, and rigid unvarying rules, inevitable in banks making a specialty of serving great corporations and concerns requiring unlimited banking facilities, are with this bank so far as possible simplified. Contact and personal acquaintance with customers, whenever possible, is in a measure substituted for more iron-clad rules and mechanism. By this means many of the difficulties of the man with small capital engaging in business are obviated, and the New York County National Bank cordially welcomes such persons and takes pleasure in placing its best services at their disposal.

An Epitome of the Bank's History.

It was in the day of State banks that the New York County National Bank came into existence, and it was as a State bank that it began business. Seven months after its



DETAIL SECTION OF MARBLE AND BRONZE BANKING SCREEN, SHOWING LADIES' DEPARTMENT, NEW YORK COUNTY NATIONAL BANK, NEW YORK CITY



INSIDE RECEIVING TELLERS' DEPARTMENT, NEW YORK COUNTY NATIONAL BANK, NEW YORK CITY

BOOKKEEPERS' DEPARTMENT, SHOWING COMBINATION-LOCK SAFES, NEW YORK COUNTY NATIONAL BANK, NEW YORK CITY

original charter was obtained its deposits were $118,550. They are now over $10,000,000, and its surplus undivided profits have increased proportionately.

In May, 1865, just ten years after it was organized, it entered the National Bank System. Its deposits by that time had grown from $118,550 to $825,000, and its undivided profits were $110,000, or within $8,000 of its total deposits nine years previously. From 1865 to 1872 it paid a dividend of 16 per cent. On the twenty-second day of December, 1875, a dividend of 100 per cent. was declared and paid. On two occasions since that date 100 per cent. dividends have been paid, and for the past few years the dividends have been, regularly, about seventy-five per cent.

The condition of the bank on January 16, 1913, is given herewith:

RESOURCES.

Loans and investments		$8,460,209.51
U. S. bonds to secure circulation		200,000.00
U. S. bonds to secure U. S. deposits		153,000.00
Real estate—banking house		650,368.01
Due from Banks		63,611.03
Exchanges for clearing house	$508,818.06	
Cash	2,833,574.56	3,342,392.62
		$12,869,581.17

LIABILITIES.

Capital	$500,000.00
Surplus and undivided profits	1,955,662.94
Circulation	197,900.00
Deposits	10,066,018.23
U. S. deposits	150,000.00
	$12,869,581.17

Officers and Directors.

Continuity, the bank's policy, has been rendered easier because of the fact that from its beginning the New York County National Bank has, to all intents and purposes, had only two presidents; for its first president, Charles A. Macy, served from May, 1855, to March, 1856, only, a period of but ten months, when he resigned. Then Francis Leland was elected and it was he who laid the foundation for the prosperity which has attended the bank ever since. When he died, in 1885, he was succeeded in the presidency by his son, Francis L. Leland, who has continued uninterruptedly in office ever since. Francis Leland was president for twenty-nine years; Francis L. Leland has been presiuent for about twenty-eight years, making a total of fifty-seven years for father and son at the head of the bank's management.

The other officers are: Christian F. Tietjen and James C. Brower, vice-presidents; Thomas A. Painter, cashier, and Lawrence J. Grinnon, assistant cashier. Directors, besides Mr. Leland and Mr. Tietjen, are: Timothy M. Cheeseman, Pedro R. de Flores, Jesse I. Strauss, James C. Brower and Robert W. de Forest.

Location and Buildings.

When the bank was organized in 1855 it began business on the northwest corner of Fourteenth street and Eighth avenue, in the brownstone building that had been occupied by the Knickerbocker Bank, which had reverses and became extinct. Here the New York County National Bank continued for several years, and then it moved across the street to the southwest corner of Fourteenth street and Eighth avenue, where it had erected a building of its own. Into that building the bank moved and remained there until the completion of its new building in that old Greenwich Village quarter of New York, where stability is a marked feature of the population and of the buildings. The business in the neighborhood is substantially the same in a general way that it was fifty or sixty years ago. It has changed only in its increased activity and in the promotion of that activity this bank takes satisfaction in believing that it has had a stimulating and broadening effect.

In 1905 the New York County National Bank celebrated its fiftieth birthday by issuing a booklet, modestly recounting the story of the bank's progress. In this booklet it was said:

"Proclamations of prosperity, whether expressed in costly buildings or in architectural equipment, have not been an element in the management of the New York County National Bank. The policy of the bank control has ever been in precisely the opposite direction.

From the accompanying illustrations it will be seen that the bank's new home is in keeping with the dignity maintained by this institution in its long and successful history. It is, indeed, one of New York city's notably fine bank buildings—as notable for taste as for solidity of materials and construction. The equipment is of the best, and the safe-deposit vaults in design and construction embody the most modern ideas conducive to convenience and safety.

GRAIN FLEET LOADING AT WAREHOUSES, PORTLAND, OREGON

Portland — A City of Remarkable Growth

By C. H. Williams of The Portland Commercial Club

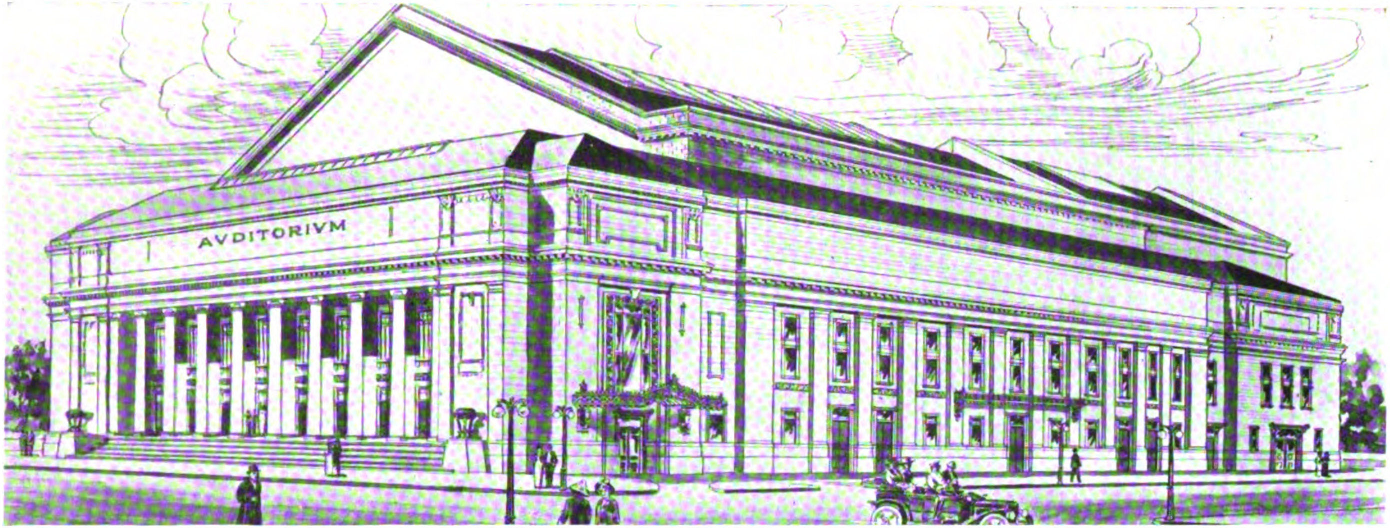
A GROWTH so remarkable as to deserve the adjective marvellous, were it not that its causes are thoroughly understood, is that which is making Portland, Oregon, the most active city of the Pacific Northwest. Indeed, it is safe to say that there is none other of its class in the country that is making such rapid strides forward. The past five-year period has been marked by a tremendous development, as each succeeding year has set a new mark, and even greater things are predicted for 1913.

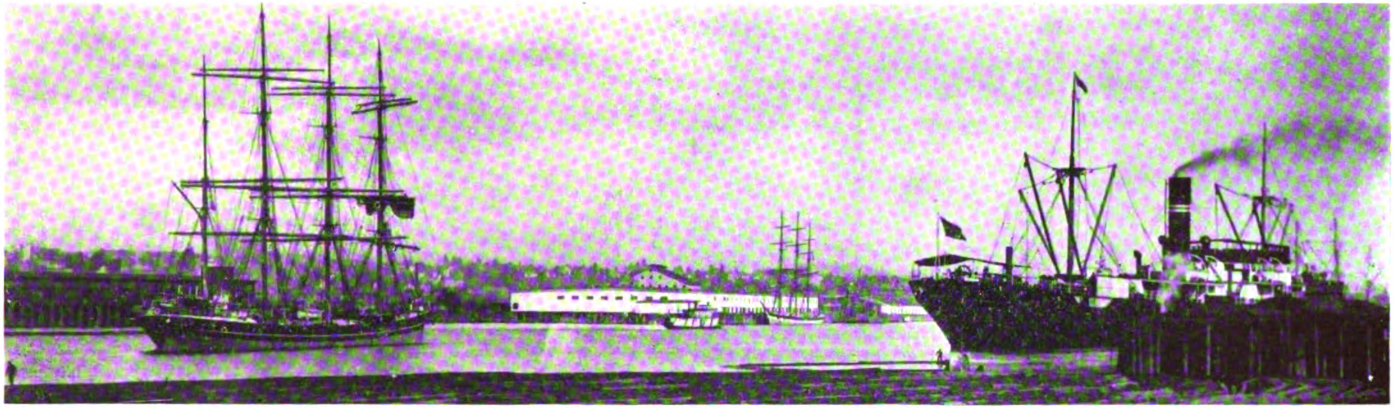
There are always well-known reasons for the building of a big city. Here in Portland, the far-seeing ones have long been able to predict Portlands' future greatness, basing their belief on the advantages that were ultimately to build a big city near the confluence of the Columbia and Willamette rivers.

Favored Geographical Location.

Portland may be said to have been born with a silver spoon in its mouth, for the best geographical location in the whole Pacific Northwest was picked out for it, probably unwittingly. It is the only spot on the Pacific coast from British Columbia to Mexico that can be reached from east of the Cascade Mountains by an easy water-grade route, for the Columbia river has carved out a channel straight through the heart of a mountain range and the banks of this great river are followed closely by the tracks of railroads which find the cañon of tremendous advantage, virtually a traffic tunnel through the range. Long trains can be hauled at a minimum cost for operation, both east and west, by this river route. From far Montana, great loads of raw products come to Portland with hardly a tug of the locomotive.

Other Pacific coast cities are shut off from the interior by high mountain ranges constituting a troublesome barrier to traffic. Heavy snows on the mountain summits in the winter form blockades, while all the year around there is loss of time and increased cost of operation. Portland's geographic position has given it a tremendous advantage in this respect and has made the city dominant in a territory comprising 250,000 square miles.





THE UPPER ILLUSTRATION SHOWS THE NEW AUDITORIUM, CONSTRUCTION OF WHICH IS SHORTLY TO BE BEGUN AT PORTLAD, OREGON; THE LOWER ILLUSTRATION IS A GLIMPSE OF PORTLAND HARBOR

OAK STREET, LOOKING WEST FROM FOURTH STREET, PORTLAND, OREGON

Portland's Harbor Facilities.

This city has the only fresh water harbor on the Pacific coast, an advantage to shipmasters, and although it has never claimed to have the best harbor, this might well be urged considering its remarkable distributive advantages; for mere depth of water never yet made a great port. More often the ease of distributing products from the port is the controlling factor. Portland's harbor has been maligned by those who least understand it. The fact is that Portland remains the first lumber manufacturing and shipping port in the world and for the past few years has been the leading export city for American wheat. The biggest lumber cargo ever set afloat on any sea—5,300,000 feet—was shipped from Portland, and vessels drawing twenty-seven feet are given quick dispatch from this city right along, meeting with no difficulty either entering or leaving the harbor. Visitors to this port the past summer were the battleship Oregon and cruiser Maryland, war vessels of sufficient size to demonstrate Portland's standing as a shipping center.

Continued improvement of the Willamette and Columbia rivers, and of the Columbia's mouth, is going forward. The Government is lending substantial aid to this work, building jetties on either side of the river and deepening the main entrance. Both the Willamette and Columbia channels are found to be susceptible to constant deepening, the thirty-foot channel aimed at for years being practically an accomplished fact. Engineers see no particular difficulty in securing a depth of forty feet from Portland to the ocean with continued work.

How the City Has Grown.

Portland itself invariably makes a favorable impression upon visitors. It is a young, vigorous community, it being but fifty-two years since it was incorporated. In this time it has grown to be a city of 265,000 people, but its growth, during the past five years, has greatly surpassed its earlier history. At its present rate of progress it is not too much to predict that one of the really great centers of the continent will be established here during the next decade.

Portland is now a well-built municipality with modern skyscrapers that would be a distinct credit to any city in the country. The streets are well paved and lighted; the people enjoy one of the best municipal water systems to be found anywhere; there is a great abundance of electricity for domestic and power purposes manufactured by big water power stations on the mountain streams. Street car systems, both city and interurban, are excellent in the service provided; in fact, every convenience enjoyed in the older centers of the country is at hand here.

Evidences of Prosperity.

Portland's bank clearings for 1912 amounted to $597,000,000, a gain of

over $34,000,000 compared with 1911, while postal receipts totaled well over $1,000,000. In 1912 nearly $4,500,000 was spent for street and sewer improvements and the total length of hard surface streets was increased to 272 miles. The city paid nearly $1,000,000 for new school buildings and grounds, while an extension of the water system cost nearly $800,000. An immense steel bridge across the Willamette river was completed and another is now being finished, each of the structures costing over $1,000,000. A magnificent new courthouse costing over $1,500,000 is just being completed while a central library building valued at $450,000 is being built. Reed College, a new high-class university, is being established in permanent buildings.

Dawn of a New Era.

The year 1905, when the Lewis and Clark exposition was held at Portland, marked the dawn of a new era for this city. At that time Portland, although extremely substantial, was hardly metropolitan in its appearance. All the elements of growth were present, but they had not materialized into vigorous life. It seems that confidence came with the exposition, which celebrated the span of a single century since the exploration of Oregon by white men. Since that date progress has been by leaps and bounds. Each year has shown advancement over the previous one, Presidential elections and similar disturbing factors not having stopped the forward movement. Surrounded by an immense area of extremely productive country, of which Portland is the market town and sole distributing center of importance, this result might readily have been expected, but its realization has been none the less gratifying to the city and to its people.

Rich Natural Resources of Surrounding Territory.

The agricultural riches of the great empire at Portland's back accounts for much of the city's prosperity. Bountiful crops during the past few years—every year, in fact, since a crop failure in this State is unheard of—have brought prosperity to the farming districts, and this is, of course, reflected in the towns and cities. The value of all the agricultural products in the State during 1912 is estimated at $123,735,000. This is a tremendous total, but it will be much greater when the thousands of acres of tillable land still idle are settled.

THIRD STREET, LOOKING NORTH FROM WASHINGTON, PORTLAND, OREGON

Oregon's livestock is valued at over $82,000,000, and the 1912 output of our stock growers is placed at $33,150,000. The establishment of a great packing plant at the Union Stockyards during the past three years has made Portland the greatest packing center west of the Rocky Mountains and this industry is to become many times greater in the future.

Lumber production leads all other articles manufactured in Oregon, the cut of 1912 having amounted to 2,500,000,000 feet, valued at practically $32,000,000. Conditions in the lumber market have very much improved. The adjustment of freight rates in 1907 caused an uneasiness in the market which lasted for a considerable period; but this has now been dispelled, and the outlook in this giant industry was never more promising.

PORTLAND, OREGON—A TYPICAL YARD IN THE RESIDENCE DISTRICT, WHERE ROSES ABOUND EVEN IN WINTER

The cut of the mills within the city limits of Portland during the past year amounted to about 600,000,000, averaging nearly 2,000,000 feet for every working day. If this product were put into a plank road thirty feet wide, it would reach from Portland to Chicago, or it would build, complete, 5,000 six-room bungalows. The logs used, if placed end to end would, it is estimated, reach three-fourths of the distance around the world. There is an immense future here for lumbermen, since Oregon's tremendous forests include more standing timber than any other State in the Union, or about one-fifth of all the standing timber in the United States.

The dairy products of this State for 1912 were valued at $16,750,000. Oregon is famous for its fruits, and the ever-growing orchard area is adding to the wealth of our people and the prestige of our city. The Columbia river yielded $4,000,000 from the salmon fisheries during the past year, or approximately thirty dollars for every acre of its surface from the Cascades to its mouth. Minerals added almost as much more new wealth to the State's people.

It has been pointed out that Portland is overgrown and is developing faster than the rural districts of the State, since one-third of Oregon's entire population is within the limits of Portland. This statement might be taken seriously were it not for the fact that Portland's wealth does not come from Oregon alone, but sections of Idaho, Washington and Montana find

PORTLAND, OREGON, AND ITS GUARDIAN MOUNTAIN

their markets here and are as much Portland's territory as if they were included within the State lines. Thus Portland extends its commercial sway over the major portion of the Columbia river valley from its mouth to the Canadian border—a territory greater in extent than Germany. This vast empire is only at the beginning of its development. The agricultural opportunities here have only begun to be exploited, and each new settler, every new acre tilled and every additional orchard tree planted, is another asset to Portland for the increase of its trade and importance.

New Factors of Development.

The opening of the Panama Canal is looked forward to with the utmost confidence by Portland people. Offering a cheaper and easier way to market for our raw products, the opening of this shorter water way to Europe will, it is expected, offer an attractive route for the immigrants who will settle the vacant lands that only await the thrifty settler.

Portland's zone of influence in the interior is constantly widening, because the railroads that center here are sending feeders throughout the inland empire, encouraging settlement and aiding those on the soil in finding the way to market. The annual receipt of wheat at the Portland docks is growing tremendously, while livestock, dairy products, fruit and the other staples are coming to this market in ever-increasing volume.

Building permits issued the past year reached a total value of $14,781,757, while the building permits of the past three years total over $55,000,000—a showing that might well be a credit to a much larger city. It has been estimated that for a period of five years each fifty-four minutes of each working day has witnessed the completion of a new home in Portland.

Of great importance to Portland, as well as to the State at large, is the present era of electric railway development under way. The Oregon Electric, the Portland, Eugene & Eastern, the United Railways and the Oregon

Water-power Company are each developing sections of the Willamette Valley with trolley roads out of Portland that promise quick communication between city and country, making for intensive farming, a closer settled country and adding to the comforts of country life in Western Oregon. Together with this, the steam roads are extending their lines into new territory, Central Oregon having been invaded by way of the Deschutes cañon within the past two years, and construction is now going on from Vale westward across the eastern half of the State. Probably the greatest benefit to Portland during recent years was the construction of the North Bank road from Spokane down the Columbia to this city, and new laterals being sent out by this main line are opening up continually widening zones that are under Portland's trade influence.

The prevailing prosperity throughout the wide region of which Portland is the metropolis is reflected in the city's trade figures and its banking statistics. Bank clearings for the past year show a gain of nearly $40,000,000 over 1911. Bank clearings for the years named were as follows:

1902	$154,743,116
1903	175,596,622
1904	189,051,469
1905	228,402,712
1906	281,170,796
1907	350,932,422
1908	310,656,512
1909	391,028,890
1910	517,171,867
1911	557,933,736
1912	597,087,856

The position of the Portland banks on a recent date is shown in the accompanying table.

CAPITAL, SURPLUS AND UNDIVIDED PROFITS OF THE BANKS OF PORTLAND, OREGON, FEBRUARY 4, 1913.

[Compiled by the "Pacific Banker."]

Name.	Capital Stock Paid In.	Surplus and Undivided Profits.	Deposits.
First National Bank	$1,500,000.00	$1,112,043.40	$13,033,663.47
United States National Bank	1,000,000.00	1,099,283.84	9,663,807.04
Lumbermens National Bank	1,000,000.00	121,701.25	4,541,321.20
Merchants National Bank	500,000.00	109,898.57	3,368,979.76
Northwestern National Bank	500,000.00	75,000.00	1,776,537.84
Bank of California, N. A. (Branch)*	250,000.00	....	4,160,420.70
Ladd & Tilton Bank	1,000,000.00	1,135,823.88	13,524,152.43
Security Savings & Trust Co.	1,000,000.00	565,262.46	7,923,489.61
Canadian Bank of Commerce	300,000.00	135,555.65	4,420,956.48
Portland Trust Co.	300,000.00	116,191.23	794,198.67
Hibernia Savings Bank	200,000.00	79,692.16	2,478,740.43
Geo. W. Bates & Co.	150,000.00	10,413.44	1,039,058.68
Scandinavian-American Bank	100,000.00	18,655.00	926,087.24
Commerce Trust & Savings Bank	150,000.00	12,031.65	748,943.37
Citizens Bank	100,000.00	15,616.62	655,865.75
Hartman & Thompson Bank	100,000.00	20,905.94	368,175.09
East Side Bank	50,000.00	18,515.53	445,821.97
Ashley & Rumelin Bank	50,000.00	10,491.34	188,580.99
Bank of Sellwood	50,000.00	3,764.52	204,793.40
Bank of Kenton	50,000.00	4,728.20	140,637.87
Totals	$8,350,000.00	$4,666,574.68	$70,404,231.99

*This bank does not report surplus and undivided profits separately.

EXCELLENT OUTLOOK FOR THE FUTURE.

What of the future? Optimism prevails everywhere as to the outlook. Not only is our harbor being improved and the channel to the sea deepened, but a great engineering work is under way up the Columbia river, at Celilo Falls, where a canal is being built by the Government to provide for steamer traffic from this city to the far upper reaches of this great river, the most important, commercially, west of the Mississippi. Public docks are to be built to further

strengthen the city's commercial position. A splendid auditorium for general purposes will be built, a bond issue having been voted by the people; no year ever opened with so many large skyscrapers actually begun. New buildings are to be constructed early in this year which will cost $5,000,000, and the prospects are that the year's building will reach a total of $20,000,000. It is also estimated that by the end of 1913 there will be, immediately tributary to this city, a total of 673 miles of electric railway in operation.

The pioneer era has passed in Portland, and many millions of Eastern capital are coming here for investment. Portland, within the past few years, has become a really big city. Despite its rapid growth in the past, it is growing faster to-day than it ever did, and the future promises remarkable developments.

A Customer's Letter to His Banker

MANY letters come to bankers so badly written as to be a source of annoyance, but the sample below is so bad as to be good. It is genuine, and was copied from the correspondence files of a Western subscriber to THE BANKERS MAGAZINE. The reader will need to supply the punctuation marks and slightly to amend the spelling and construction. When this is done, the writer's meaning is clear enough. Here is the letter (the signature, of course, being fictitious):

Der sir I am sapriast dat dat en salelt for yat I laft aver ting Wed John Doe to lock after dat mortgage & not to lat dat leanger along liack at wos last tim Bot I sand you a noder note & entres for de a mount beaing es near es I can on til I com down dar a gan I olso gont to riat J. D. to find out wot es de trobel I en clos note & $2. for entres ef des dont Pay for de trobel I mack at ol riat wan I com back Wal oder wis Treacks or wara good Hear de gran Crop es reala bem to good Ats ben to motch Straw at want down to de grown be for at wos me touert & en dat wa a dont Aerntd de Boushels out es at orto & de gran es ofel Cheap her now bot Hogs & Beeaf & Milk & Cream Has got at ol cand to Paeasas

I sold 4 Hogs got 9 cans a Liaf wat
Sold 10 Stears " 7 cans " "
& am salleng Milk for 6 cn a quart & de mialck man coms to de farm avera day & gats at bot de trobel es I ent got a nof of at We or onla milcken 10 cows war we shoud milk 30 cows & dat ent de Bast of at yat At prasand we or onla $1\frac{1}{2}$ From sete lemeats so de land ol a rond de town Has ben Bot op erla des Spreang & Tengs haf ben a letel on de quiad tel now last weack one of my nabers sold two quoder for 100.00 an acker weatch He gaf 10.00 an acker for 2 years a gow an don noting to at onla pot a fans a rond at so dat pots me pote clos en de reang Hear a bot 2 monts a go I wos en Aberdeen & we wos to Cken a bout salan out I sad ef I gat 45.00 an acker I bleaf I sal S hear oder day 3 man drof en de yard and lock a rond aletel beat dan one mack a Brack dat Hed Hard I wont to sal my farm I sad yas & He wondt to now How motch 1-100.00 an acker Wal he Sad dat was to Strong for Hem He sad Hed hard dat I tack 45 an acker da chewed de rag a wial & Drove of So yow can col dat wot your mianto at prasand we onla got one rod en now bot dar es 2 mor to com en a short tim for des land dat Has ben Bot al a rond des des town or ol out siad Pepel mostla from St. Paul and Da Wodent com 900 mils wa nort & gaf such priasas lick dat ef dar wosand somting Douing at oncs.

Wall I most clos
Yours tro
Sam Jax

I Be don dar son es I gat Don wed my Worck

PENSACOLA, FLORIDA—NEW RAILWAY STATION SOON TO BE BUILT

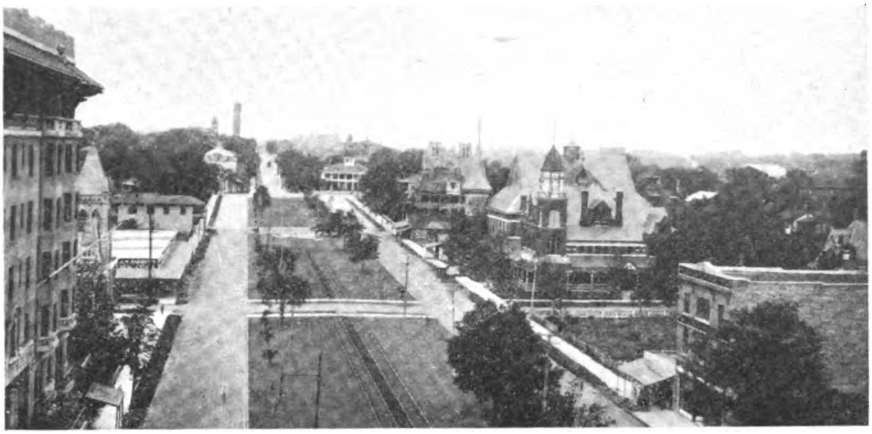
An Enterprising Southern City

WHILE New York is fighting for the privilege of having permanent piers 1,000 feet long in its harbor, Pensacola, Fla., has just finished one pier 1,225 feet in length, has four more like it planned for the immediate future, and is also to have one 2,700 feet long. Pensacola is not planning to take from New York her great trans-Atlantic steamship trade, has no hopes of diverting to her port steamship palaces of the Gigantic class, but nevertheless the enterprising Florida city is planning for expansion in her seagoing transportation and is going to be prepared for whatever comes her way when the Panama canal is opened to traffic.

Pensacola has one of the greatest landlocked harbors in the world. The city is located on a bay seven miles from the Gulf of Mexico, and the bay and gulf are connected by a channel 480 feet wide with a minimum depth of thirty-three feet.

Although Florida is best known as a winter resort, and indeed the climate is believed to be intolerably warm in summer, the facts, so far at least as Pensacola is concerned, do not warrant this

PENSACOLA, FLORIDA—A WAREHOUSE



PENSACOLA, FLORIDA—PALAFOX STREET

belief. Government reports show that Pensacola has only 1.5 days per annum with a temperature of ninety-five degrees or higher, and only 14.8 days per annum with a temperature of ninety degrees or higher. At the other extreme, the report shows only 7.7 days per annum with a temperature below thirty-two.

Concrete Evidence of Pensacola's Growth.

Striking confirmation of Pensacola's growth is afforded in the following enumeration of facts in a bulletin issued by the Commercial Association.

Pensacola's exports reach the total of $23,000,000 per year, and the imports $2,000,000 per year.

Pensacola is the nearest seaport to the steel mills of Birmingham.

That the best grades of steam coal are delivered at from $2.25 to $2.50 per ton.

From 1906 to 1910 inclusive, there was expended $1,000,000 for municipal buildings, street paving, sewerage and drainage, and more than a million dollars for business and semi-public buildings, exclusive of a half-million dollar hotel built by popular subscription.

Since 1909 the municipality and cit-

PENSACOLA, FLORIDA—SAWMILL. ONE OF THE MANY FORMS OF THE CITY'S INDUSTRIAL ACTIVITY

PENSACOLA, FLORIDA—LOOKING TOWARD THE GULF

izens have laid 125 miles of sidewalks.

The city has an abundance of artesian well water of exceptional purity.

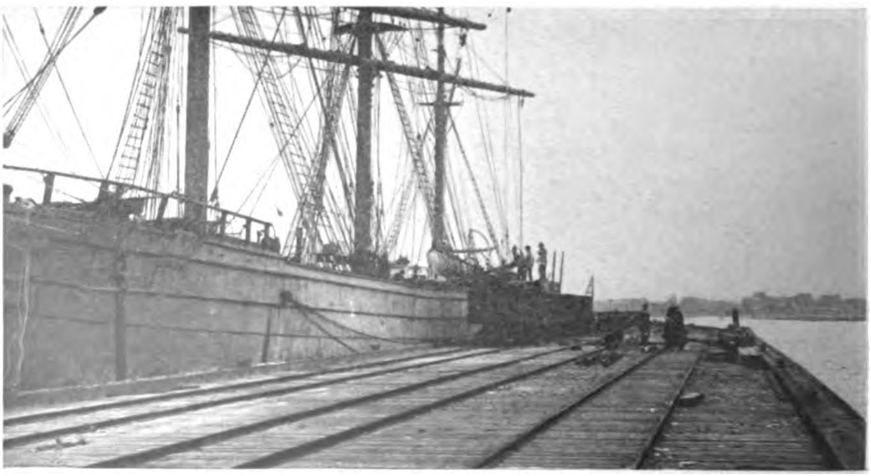
That the city has the highest altitude of any seaport in the South.

And finally, that Pensacola ranks as one of the most healthful cities of its size in the United States.

One of the most interesting facts is that the high cost of living problem has been much easier to solve in the Florida city, one of the reasons being the great abundance of fish in the rivers and bay. Another reason is the ease with which fruits and vegetables can be grown with the favorable conditions of soil and climate.

Social Advantages.

One of the greatest claims that a city can make for itself is that it aims to be a city of homes, and one that looks after the welfare of its people of every station in life, and Pensacola is trying to reach this ideal in every respect. Good schools, good churches, a proper care for the amusements and welfare of all the people are among the chief aims of those who are working to make Pensacola great. The city now



PENSACOLA, FLORIDA—GULF, FLORIDA AND ALABAMA RAILROAD PIER

YOUNG GROWTH OF TIMBER, VICINITY OF PENSACOLA, FLORIDA

has a population of more than 23,000, and in less than a decade it is believed that it will be a city of 100,000. This is what the leaders of the city's future are working for, and the momentum already gained seems certain to carry the city forward to that point, and even beyond.

IMPORTANT RAILWAY BEING BUILT.

It is in aiming at this goal that the business men of Pensacola have seen the demand for better transportation on land as well as sea, and this has caused hearty coöperation with the builders of the Gulf, Florida & Alabama Railroad, which will open up to Pensacola a rich territory for a distance of 300 miles to the north. The new road, which is now under construction, will carry to Pensacola for her own use and for export, cargoes of cotton and coal and iron and will bring the farmers of that territory closer to a market for their produce.

PENSACOLA, FLORIDA—HINT OF THE CITY'S COMMERCE

A large part of this territory has hitherto been practically undeveloped, and the new road will be a source of great wealth to the city of Pensacola.

A syndicate, headed by Megargel & Company of New York, has bought $1,500,000 first mortgage bonds of the new road. The road owns the right of way from Pensacola to Tuscaloosa, Ala. It runs 236 miles through a rich cotton and general farming district to the heart of the Alabama coal and iron fields.

The road has been finished and is in operation for a distance of eighty miles, or as far as the town of Local, Ala.

The proceeds of the sale of these bonds will be used to complete the road to Pine Hill, making a total length of 170 miles, including branches and sidings, with an outstanding bond issue of less than $20,000 per mile.

The Gulf, Florida & Alabama terminal at Pensacola will be one of the finest on the Gulf. This includes five 1,225 foot piers—one of which has already been built—forty acres for yard and storage purposes, and a waterfront grant about 1,500 feet in length, comprising nearly 100 acres, available for use as a marine terminal.

The facilities which the road will have for handling fuel, for which there will be a big demand in the Panama Canal Zone, will enable it to get a good share of the tonnage which will find its way to Pensacola, the nearest port to the canal.

Canada's Great Building Record for 1912

(*From "The Economist," Toronto.*)

THE editors of the "Contract Record and Engineering Review" have prepared a comparative statement of Canadian building operations for 1912. The returns are from authoritative sources.

The building expenditure of thirty-seven of the principal cities and towns of the Dominion for 1912 reached the large sum of $185,898,535, this representing a proportionate increase of forty-one per cent. over the corresponding returns for 1911. Toronto heads the list with a total of $27,401,761. The highest percentages of increase among the cities are held by Edmonton (293), Victoria (104), Medicine Hat (282), Maisonneuve (125) and Port Arthur (319). Of the first ten cities in the list, three expended more than twenty million dollars each, the next two more than nineteen million dollars each, and the rest more than five million dollars apiece.

Building Expenditure of Leading Canadian Cities, 1911, 1912, with Per Cent. of Increase.

	1912	1911	Inc. Per Cent.
Toronto	$27,401,761	$24,374,539	12
Winnipeg	20,475,350	17,716,750	16
Calgary	20,394,220	12,907,638	58
Montreal	19,641,955	14,579,952	35
Vancouver ...	19,428,432	17,652,642	10
Edmonton ...	14,446,819	3,672,260	293
Victoria	8,208,155	4,026,315	104
Regina	8,047,309	5,099,340	58
Saskatoon ...	7,640,530	4,960,286	54
Hamilton	5,491,800	4,255,730	20
Fort William.	4,211,285	3,077,860	37
Ottawa	3,621,850	2,997,610	21
Medicine Hat.	2,836,239	743,272	282
Maisonneuve..	2,685,828	1,195,129	125
Port Arthur..	2,494,179	595,180	319
Westmount ..	1,824,369	1,974,670	*8
New Westminster	1,634,528	1,124,587	45
Outremont ...	1,582,000	1,317,700	20
Lethbridge ...	1,358,250	1,033,380	31
St. Boniface..	1,251,012	1,131,735	11
Brantford ...	1,167,105	623,860	90
Brandon	1,166,214	1,024,529	14
London	1,136,108	1,036,880	10
Windsor	1,098,063	739,515	48
Berlin	842,613	739,515	48
St. Catharines	811,335	265,435	206
Sydney	656,111	495,642	32
Kingston	645,774	314,569	105
Halifax	579,775	508,836	14
Galt	506,130	282,334	79
Welland	469,774	342,803	37
Peterboro	466,905	345,372	35
Guelph	388,409	513,690	*24
Stratford	367,233	103,523	255
Preston	337,160	244,375	38
Owen Sound..	310,000	189,000	64
Nelson	273,865	166,700	64
	$185,898,535	$131,981,729	

*Decrease.

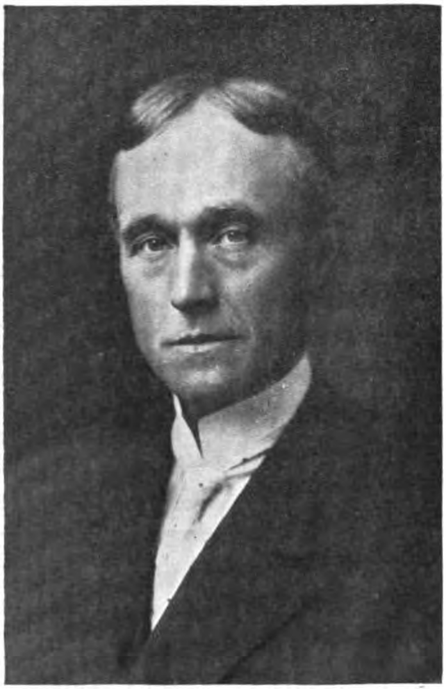
New Investment Firm at Los Angeles

A NEW investment firm, under the style of Perrin, Drake & Riley, Inc., has been formed at Los Angeles, California, and began business last month in the same building to which the First National Bank recently moved, at Seventh and Main streets, the number of the firm's offices being 210 West Seventh street.

The members of this new firm are well known in banking and investment circles. Mr. John Perrin is an experienced and successful banker. He organized the American-National Bank of Indianapolis, Ind., was its president throughout its career, and built it up to the largest bank in the State. When he decided to remove to California, the American National was consolidated with the Fletcher National Bank, Mr. Perrin continuing active attention for the year following as chairman of the board of the Fletcher-American National Bank, the largest in Indiana.

In addition to his long experience as a banker, Mr. Perrin has thoroughly familiarized himself with the theoretical side of banking, and has written and spoken effectively on banking and financial topics. He is at present a member of the Currency Commission of the American Bankers' Association—his associates on this body including several of the best-known bankers of the country—and by the clear and logical presentation of his views on banking

JOHN PERRIN



DANIEL K. DRAKE

JAMES SHELDON RILEY

and currency problems has done much to bring about a better understanding of the direction which must be taken by legislation looking to the improvement of our present banking system.

The other members of the firm have been connected with two well-known and highly reputable eastern investment houses. Mr. Daniel K. Drake was for twelve years manager of the Chicago office of Messrs. Harvey Fisk & Sons, New York, and Mr. James Sheldon Riley was formerly the Los Angeles and London representative of Messrs. E. H. Rollins & Sons, Boston. The new firm thus comprises in its membership men who have had long experience in commercial and investment banking. It is their belief that the growth and development of California, especially the southern portion of the State, will give rise to a considerable amount of safe investment securities, yielding somewhat higher rates than may be customarily had in the East, and it will be their aim to select from these securities such as may be marketed with confidence.

FOREIGN BANKING AND FINANCE

European

A PEOPLES SAVINGS BANK IN GERMANY

A RECENT issue of the "Daily Consular and Trade Reports" gives an interesting account of "A Peoples Savings Bank in Germany," from which the following extracts are made:

The Savings Bank (die Sparkasse) at Bremen is one of the most peculiar and original institutions of its kind in all Germany, if not in the whole business world. It is in the nature of a private savings and loan bank, conducted for the exclusive benefit of its depositors.

It was founded in June, 1825, by eighty prominent citizens of Bremen, among whom were the president and many members of the Bremen Senate, members of the Citizens' Assembly, and other prominent citizens, and was incorporated under the law of the Free and Hanseatic State of Bremen. It was instituted mainly for the purpose of offering an inducement for saving to the people of Bremen, especially to the poorer classes, by giving them a safe opportunity of investment and a profitable return on their savings. A second object was to establish a source of supply, or creative means, for the furtherance of public welfare and charities.

In the beginning a law was enacted by which it was directed that none of the profits should ever be divided among the members of the society, but that they should be distributed among charitable institutions and enterprises of public utility and expended for the common welfare.

For the first twenty years or so the business was transacted by 12 members of the society, who received no remuneration whatever for their services. In 1842 a salaried director, who acted as cashier, was appointed, and in 1875, because of the increased business, the office work was turned over to salaried

clerks. But up to this day neither the members of the society nor members of the board of directors receive any share of the profits or remuneration of any other kind, and they have no claim of any sort on the property of the savings bank.

The accounts of the bank are carried in an original and simple way. No bookkeeping, in the usual sense, is in use. The system is one of loose cards upon which the personal accounts are kept and which are always preserved, while the individual deposit books are destroyed when the account has once been withdrawn or settled. This system has only lately and in rather a limited way been employed in other parts of Germany, yet it has been continually in use by the Sparkasse at Bremen since 1847 with the best results.

On opening an account in the Savings Bank a deposit book is given, in which the bank enters all amounts paid in and out, affixing date, seal, and signature to the entry, and at the end of the year the interest on the account is added. Checks or drafts payable to order are not in use. Moneys are paid in and paid out on the presentation of the deposit book at the direction of its holder. The depositor in opening an account gives a name which is usually his own, though it may be any name or even a word, and which the bank may use as a source of identification in case the deposit book becomes lost or stolen. The deposit book also bears a number which controls the account. A circular disk of celluloid or some metallic substance carrying the number of the deposit book stamped upon it is also given to the depositor as an additional safeguard by which he may reclaim the deposit book at the office of the bank. Possession of the deposit book together with the numbered disk, is accepted as prima facie evidence of ownership of the bank account.

Some twenty modern adding machines are in use in the bank with which to handle the lists of daily receipts and disbursements and to check up the 200,000 accounts of depositors several times during the year.

In the mortgage loan department of the bank a card file register is in use, with a three-cross reference index covering the name of the borrower, the name of the street where the property is situated, and the day of maturity of loan.

It is the rule of the directorate to place a very low valuation on the real estate of the bank. At present 16 different pieces of real estate are owned by the bank which are valued by the State officials for tax purposes at $722,425, while on the books of the bank they are entered at only $314,160. The difference in valuation is considered to be a silent fund of additional reserve security for the moneys intrusted to its care.

The rating of the value of the negotiable paper, city and State bonds, in possession of the bank is in keeping with the same conservative principle, so that fluctuations on the exchange do not affect the book value. According to the last annual report the total market value of its holdings in commercial paper and State and city bonds was $9,005,000, which was entered on the books of the bank at $7,615,000.

THE SAVINGS SPIRIT IN NORWAY.

CONSUL WALTER A. LEONARD sends the following information from Stavanger, Norway:

The purchasing power of the inhabitants in the consular district of Stavanger, Norway, is constantly on the increase, if the savings-bank statistics, recently published by the central Government, may be taken as an index. The number of savings-bank depositors is slightly over fifty-eight per cent. of the population of the district, while if the entire country of Norway is considered only 42.7 per cent. of the population are such depositors.

The city of Stavanger, with the view to further encouraging the saving spirit of the people, is starting a movement the spirit of which is "a bank book for every school child," the plan

being to raise a sufficient fund to enable every school child to be presented with a savings-bank book of an initial deposit of at least one crown (26.8 cents). To this end the leading daily newspaper has started the fund with a donation of fifty crowns ($13.40) and the use of its facilities for handling the fund. This donation was immediately followed by a 100-crown ($26.80) contribution from one of the leading citizens, accompanied by a letter to the newspaper supporting the movement, and sufficient later contributions have been made to insure the success of the project.

The checking system, universal in the United States, is practically unknown here, hence nearly every depositer has a savings-bank book.

Australasian

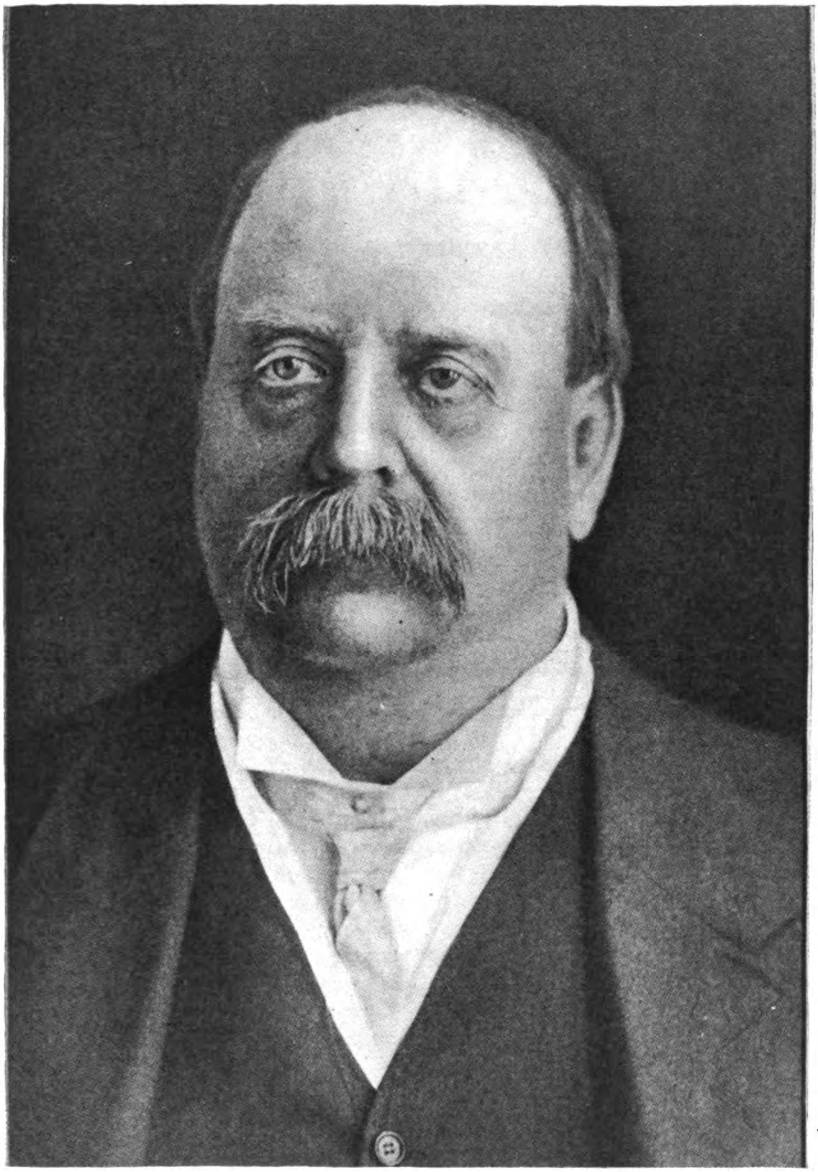
A SPLENDID REPRESENTATION OF THE RESOURCES OF AUSTRALIA.

FROM "Australia To-day," a special number of the "Australian Traveller," published under the auspices of the United Commercial Travellers' Association of Australasia, Limited, at Melbourne, Victoria, one can gain an excellent idea of the rich and varied natural resources of the great Australian Commonwealth and the remarkable progress that country has made under the spirited leadership of those who have dominated in its agricultural, industrial and political development.

The illustrations in this special number are particularly complete and interesting, comprising as they do almost every conceivable phase of the country's progress and the basis upon which that progress rests. Busy harbor scenes, panoramas of orchards, vineyards. vistas of cities, fields of grain, flocks of cattle, scenery tempting to the tourist—all that enters into the life of a prosperous and attractive land is set forth in great profusion in this creditable publication, the views being interesting and beautiful, while the descriptive matter is full and accurate. From this mine of information a few facts are culled, but everyone interested in gaining a complete story of Australia's development will want a copy of this instructive and interesting publication itself.

The area of Australia is 2,974,581 square miles, or twenty-four and one-half times as large as England, Scotland, Ireland and Wales together.

As to climate the seasons, of course, are the reverse of those in the northern hemisphere. The climate is milder, as a rule, than in the corresponding northern latitudes, and in a region so extensive it has, naturally, many varieties. In the month of July, which there is winter, perhaps half of Aus-



Rt. Hon. Sir George H. Reid, P. C., G. C. M. G.

HIGH COMMISSIONER OF THE AUSTRALIAN COMMONWEALTH IN THE UNITED KINGDOM

tralia ranges from forty-five to sixty-one degrees; the other half from sixty-two to eighty; and the tropical parts are much modified by the sea breeze. The highest temperature recorded for Melbourne is 110, the lowest twenty-seven; it is rare, however, for the summer heat to exceed eighty-five or the winter temperature to go below forty.

Australia has a population of 4,644,-239 (June 30, 1912). The inhabitants in the main are of British origin, with a sprinkling of natives, Orientals and South Sea Islanders. Late figures show 180,000 aborigines, 30,000 Chinese, 15,000 South Sea Islanders, 4,600 Hindoos and Cinghalese and 3,500 Japanese, a total of 233,000, or about five per cent. of other than the white race.

There are four cities in Australia with a population exceeding 100,000. Melbourne has 600,000; Sydney, with nearly if not quite as many, has risen to rank as the fifth port of the British Empire in point of business. Markets are developing in the Philippines, Japan and other parts of the Orient. The growth in the population of Australia by immigration alone, since 1905, has been at the rate of 33,000 a year. British, French and German steamship lines afford ample means of over-sea communication. There is abundant land available and those migrating are rendered assistance, under certain conditions, by the Government.

By 1852 Australia was already exporting 4,500,000 pounds of wool. In 1851 gold was discovered by Hargreaves, a miner, returned from California, and in April or May of that year the rush to the diggings began. Since that time something like $2,600,-000,000 in gold has been taken out of Australian ground. Other minerals found are silver, copper, tin, manganese, lead, zinc, cobalt, alum, asbestos, diamonds and other gems and coal. The coal mines of New South Wales

employ 14,000 persons. Their output in 1906 was nearly 7,500,000 tons.

The following figures give in condensed form some intimation of Australia's progress:

Population, June, 1912, 4,644,289.

Area, 2,974,581 square miles. The largest island in the world, or, to put it otherwise, the smallest continent. It is 1,971 by 2,400 miles.

Under cultivation, 1911-'12, 18,511,-823 acres, viz.: Wheat, 7,427,834 acres; value of crop, $64,391,600; orchards, 194,524 acres; sugar cane, 144,283 acres; crop value, $6,142,090; vineyards, 60,602 acres; wine products, $2,710,400; market gardens, 30,234 acres.

Live stock: Sheep, 92,910,961; cattle, 11,828,951; horses, 2,279,027; pigs, 1,110,721; total, 108,128,960 head.

Product of wool and sheep skins, 1911, $133,998,223.

Product of farm and dairy staples, 1911 (butter, cheese, bacon, poultry, eggs, honey, wax, etc.), $94,975,640.

Gold product, 1911, $51,069,860; total gold product to close of 1911, $2,595,193,480.

Total mineral product, 1911, $111,-678,318; grand total of mineral product to end of 1911, $3,797,889,920.

Bank deposits, 1912, banks of issue, $725,063,829; savings, $324,035,536; total, $1,149,399,356.

Foreign trade, 1911, $618,816,770.

Government railways: Length, 16,-898 miles, representing an investment for construction and equipment, 1911-'12, of $782,659,160.

Manufactures, 1911: Factories, 14,-455; employees, 311,722; wages paid, $321,478,180, an annual average of $1,031.24; value of land and buildings, plant and machinery, $310,225,016; value of output, $644,380,950.

The Federation of the Australian colonies, effected January 1, 1900, is their latest governmental development. From Australia has come to us more than one political novelty. The Australian ballot and the Torrens land title are examples. The Henry George plan of land tax has been tried in Australia. The question of Chinese immigration has been settled there after fifty years of agitation by the laying of a head tax.

One of the recent experiments is a Commonwealth Bank, which has just opened for business under the management of Mr. Denison Miller, formerly Chief Inspector of the Bank of New South Wales.

Hon. Sir George H. Reid, 72 Victoria street, London, is the High Commissioner of the Australian Commonwealth in the United Kingdom.

GOLD PRODUCTION.

THE Australasian production of gold for 1912, says the "Insurance and Banking Record," was as follows, compared with the production for the two previous years:

	1910	1911	1912
	Fine oz.	Fine oz.	Fine oz.
Victoria	570,363	503,541	480,131
New South Wales	188,857	181,121	165,295
Queensland	441,400	386,164	346,390
South Australia	11,645	11,680	7,902
Tasmania	37,048	31,101	35,197
Western Australia	1,470,632	1,370,868	1,282,651
Commonwealth	2,719,945	2,484,475	2,317,566
New Zealand	446,434	427,385	316,498
	3,166,379	2,911,860	2,634,084

Every Australian State shows a decrease, the total for 1912 being less than that for 1911 by 166,909 ounces, and that for 1911 being less than that for 1910 by 235,470 ounces. The falling-off for the last two years has thus been 402,379 ounces, or nearly fifteen

per cent. The decrease in the New Zealand production for 1912 is 110,887 ounces.

Reckoning the value of the production at the statutory price of £3 17s. 10½d. per standard ounce (11-12ths fine), the value of the Australian yield for the last three years, with the decrease for each year, is as shown herewith:

	Fine Ozs.	Value
1912	2,317,566	£9,844,388
1911	2,484,475	10,553,372
1910	2,719,945	11,553,584

UNION BANK OF AUSTRALIA.

DIRECTORS of this bank, says "The Bankers Magazine of Australasia," propose to enlarge the authorized capital from £4,500,000 to £6,000,000 by the creation of 20,000 additional shares of £75 each. Out of the existing authorized capital of £4,500,000, the amount paid up is £1,500,000, being £25 per share on 60,000 shares, while the remaining £3,000,000 represents the reserve liability of £50 per share. Assuming that the whole of the new shares are issued at once, the paid-up capital will be raised to £2,000,000, and the reserve liability will stand at £4,000,000; and as the shares will no doubt be issued at a substantial premium a corresponding addition to the reserve will be possible. The reserve fund, including £50,000 from the profits of the last half-year, now stands at £1,450,000. The principal figures of the balance sheet compare with the previous half-year as follows:

	Feb. 29, 1912	Aug. 31, 1912
Deposits	£23,228,911	£21,927,522
Cash investments and remittances in transit	10,744,087	10,158,414
Discounts, loans, etc.	17,279,913	16,302,674

BANKING PROFITS IN 1912.

AS shown in a compilation made by the "Insurance and Banking Record," the total amount of the net profits of the Australasian banks for last year established a record, being £2,954,914, as against £2,759,932 reported in 1911, the next highest reported. As in previous years, the profits have accrued from the development of producing industrial and trading business throughout the Commonwealth, and not from undue pressure upon the banks' clientèle. That the banks have not been carried away by this prosperity is shown by the fact that while the profits reported in 1912 exceed those reported in 1911 by £194,982, the dividends distributed show an increase of only £49,069. Moreover, out of a total of £2,954,914 the amount distributed is only £1,713,458, over £1,200,000 be-

ing applied to strengthen the position of the banks and to enable them to meet less favorable conditions possible in the future.

During the last six years, says the publication above referred to, a very satisfactory recovery has been made from the crisis of nearly twenty years ago.

Asiatic

SUMITOMO BANK, LIMITED, OSAKA, JAPAN.

NET profits of this bank for the second half-year were yen 537,918.20, apportioned as follows: Reserve fund and dividends, each yen 150,000; reserve for doubtful debts, yen 30,000; bonus, yen 25,400; carried forward to next half-year, yen 182,518.20. Deposits of the bank at the close of 1912 were yen 64,485,988.

THE BANK OF CHINA.

THE bill authorizing the creation of the Bank of China has been handed to the Advisory Council at Peking for discussion. The bank is to be a limited liability concern, with a total capital of $60,000,000 (or about $30,000,000 gold) divided into shares of $100 each ($50 gold), of which 300,000 shares will be advanced by the Chinese Government, the other moiety to be subscribed by the general public.

The chief points in the rules governing the subscription, etc., of shares follow:

The shares shall bear the names of the subscribers; no one except the Chinese may have the right to buy, sell, or otherwise transfer them.

The business of the bank shall run thirty years, any prolongation to be decided by a shareholders' meeting.

Apart from the seven kinds of business of a proper banking nature, no mortgage on real property or stocks and shares for loans shall be accepted, nor the shares of the bank bought, nor real property accepted, negotiated, or bought; neither shall the bank directly or indirectly deal in any kind of commerce or industry whatever.

A chief manager and an assistant chief manager shall hold office for a term of five years, nine directors for a term of four years, and five supervisors for a term of three years. All of them shall be nominated by shareholders at a meeting and holders of fifty or more shares shall be eligible for any of the above posts.

Latin America

AMERICAN INVESTMENTS IN MEXICO.

CONDITIONS in Mexico recently have caused renewed interest as to the amount of American capital invested in that country. According to a Government compilation the total

amount of such investments is $1,057,770,000, whereas the investments of all other countries, including Mexican money, amounts to but $1,376,471,422. These figures are taken from a consular report made last July by Consul Marion Letcher at Chihuahua, Mexico. In detail the report is as follows:

"The table, showing the wealth of Mexico according to the nationality of ownership, has been prepared by William H. Seamon, late of Chihuahua,, who has had long experience in Mexico as a mining engineer. The sources of information from which the statistics were drawn are as follows: Government reports and various State reports; directory of business houses, factories, etc.; directory of mines and smelters; "La Mexique"; "Mexican Yearbook"; and numerous reviews, encyclopedias, company reports, etc.:

Classification—	American	English	French	Mexican	Other
Railway stocks	$235,464,000	$81,237,800	....	$125,440,000	$75,000
Railway bonds	408,926,000	87,680,000	$17,000,000	12,275,000	38,535,380
Bank stocks	7,850,000	5,000,000	31,000,000	31,950,000	3,250,000
Bank deposits	22,700,000	....	....	161,963,042	18,560,000
Mines	223,000,000	43,600,000	5,000,000	7,500,000	7,830,000
Smelters	26,500,000	....	....	7,200,000	3,000,000
National bonds	52,000,000	67,000,000	60,000,000	21,000,000	....
Timber lands	8,100,000	10,300,000	....	5,600,000	750,000
Ranches	3,150,000	2,700,000	....	14,000,000	....
Farms	960,000	760,000	....	47,000,000	1,250,000
Live stock	9,000,000	....	....	47,450,000	3,800,000
Houses and personal property	4,500,000	680,000	....	127,020,000	2,760,000
Cotton mills	....	450,000	19,000,000	6,000,000	4,750,000
Soap factories, etc.	1,200,000	....	....	2,780,000	3,600,000
Tobacco factories	....	....	3,238,000	4,712,000	895,000
Breweries	600,000	....	178,000	2,822,000	1,250,000
Factories, misc.	9,600,000	2,780,000	....	3,270,200	3,000,000
Tramways, power and electric light plants	760,000	8,000,000	....	5,155,000	275,000
Stores—					
Wholesale	2,700,000	110,000	7,000,000	2,800,000	14,270,000
Retail	1,680,000	30,000	680,000	71,235,000	2,175,000
Oil business	15,000,000	10,000,000	....	650,000	....
Rubber industry	15,000,000	....	....	4,500,000	2,500,000
Professional outfits	3,600,000	850,000	....	1,560,000	1,100,000
Insurance	4,000,000	....	....	2,000,000	3,500,000
Theatres	25,000	....	....	1,575,000	500,000
Hotels	260,000	....	....	1,730,000	710,000
Institutions, public and semi-public	1,200,000	125,000	350,000	74,000,000	200,000
Total	$1,057,770,000	$321,302,800	$143,446,000	$793,187,242	$118,535,380

NICARAGUA'S NEW CURRENCY SYSTEM.

RECENTLY J. & W. Seligman & Co. and Brown Bros. & Co., bankers, who worked out a new currency system for Nicaragua, made public the report of Charles A. Conant of New York and Francis C. Harrison of London, the two agents who assisted the bankers in the task of replacing a depreciated inconvertible paper currency by a sound monetary system. The report is dated April 23, 1912, and had been withheld until the exchange rate had been brought down to the standard basis. Eighteen months ago it was almost 2200; now it is down to 1250, which is approximately the standard.

"During the five years ending with 1906," says the report, "the amount of paper currency in circulation in Nica-

ragua had remained comparatively stationary, being on December 31, 1906, 7,896,905 pesos. This amount was increased by comparatively moderate sums down to the outbreak of the revolution in 1909, when large issues were made.

"By these new issues the net circulation outstanding was made to stand at the close of 1909 at 12,149,000 pesos, at the close of 1910 at 30,952,000 pesos, and at the close of 1911 at 48,557,000 pesos; and the rate of exchange rose from 520 in 1906 to above 2000 in 1911.

"The monetary plan put in operation by the act of the National Assembly of March 20, 1912, provides for the following steps in the adoption of a definite monetary system:

"The standard unit of value is fixed by Article I of the act at 1672 grammes of gold, nine-tenths fine, to be called the cordoba. This unit is of the same weight and fineness as the gold dollars of the United States.

"Provision is made for a silver cordoba, containing twenty-five grammes of silver, nine-tenths fine, and subsidiary coins of silver, eight-tenths fine. Provision is also made for minor coins of nickel and copper.

"The amount of coinage is determinable by the National Bank, under regulations approved by the Executive. Provision is also made for the unlimited coinage of gold when it becomes practicable and desirable.

"The paper currency will be issued by the National Bank, which has the exclusive right of note issue. The capital is only $100,000, but an early increase is contemplated.

"The existing paper currency of the republic, representing a nominal value of about 48,000,000 pesos, will be received by the National Bank in exchange for its notes, expressed in the new monetary unit—the cordoba.

"The rate of exchange of the present currency notes is not finally fixed in law, but it is provided that an agreement on the subject may be made between the National Bank and the Minister of Finance, by which the ultimate rate of exchange shall be not more than 1500 pesos of the old currency for 100 cordobas of the bank note issue.

"The final rate of exchange will be fixed on July 1, 1912—or later, if the earlier date is found impracticable—but during a period of six months thereafter both the old currency and the new are to be legal tender at the rate of exchange finally established.

"The notes of the National Bank are to be kept at their face value in gold cordobas by the sale of gold drafts on New York and on other financial centres where credits may be established by the National Bank for the purpose. Conversely, drafts will also be sold in New York and other centres upon the National Bank of Nicaragua.

"The gold coin of the republic, the silver cordoba and the notes of the National Bank are receivable for customs and other public dues and legal tender

in the payment of debts within the republic. The subsidiary and minor coins will be legal tender for an amount not exceeding ten cordobas."

BANK INCREASES CAPITAL.

AN increase of capital from $3,000,000 to $5,000,000 is reported by the Banco Popular of Montevideo.

MEXICAN PETROLEUM OUTPUT.

THE development of Mexico's petroleum industry is shown by the following statistics of output of crude oil in the past six years:

	Barrels
1907	1,000,000
1908	3,481,410
1909	2,488,742
1910	3,332,807
1911	14,051,643
1912	16,500,000
Total	40,854,602

NEW BANK IN HONDURAS.

ON Februry 9, 1913 ,a general meeting of the stockholders of the new Banco Atlantida, organized to do business in Ceiba under a concession obtained last year from the Government of Honduras, was held in Ceiba and officers were elected. The bank opened for business February 10. The subscribed capital of the bank is $500,000 (United States currency), and the paid-up capital, $250,000. It will do a general banking business and in about three months will probably issue bank notes guaranteed by a fifty per cent. gold reserve.

The president of the Banco Atlantida is a member of the firm of Vaccaro Bros. & Co., as is also one of the directors, while another director is vice-president of the German-American National Bank of New Orleans. The president and two of the directors are American citizens, and two-thirds of the capital stock is said to be held by Americans and American firms.

Higher Education for American Institute of Banking

THE American Institute of Banking Committee on Post-Graduate Education, of which J. E. Rovensky of Pittsburgh is chairman, has issued in convenient pamphlet form a comprehensive plan of post-graduate study for 1913.

It has been asserted on numerous occasions by prominent bankers, legislators and publicists that in the solution of the banking and currency problem, which, as President Taft says, is the most important question before the American people to-day, the students in the American Institute of Banking will have a most important part. The Post-Graduate Committee evidently believe that these assertions are well founded for in the introduction to their plan of study these words are used:

"The American Institute of Banking has now been in existence twelve years. After much experimenting the Institute has adopted a standard course of study covering the theory and practice of banking and such principles of economics and law as pertain to the banking business. The work thus arranged not only furnishes fundamental knowledge needed by all bankers, but also serves as an introduction and impetus to more extensive research. The Institute has to-day several hundred graduates—men who have shown their earnest desire to succeed by sacrificing a considerable part of their leisure time in the study of their chosen profession. Once the fire of ambition has been kindled it is practically unquenchable and nearly all these men—realizing the vastness of the field before them—desire to continue their studies."

Trust Company Section Banquet

THE third annual banquet of the trust companies of the United States, members of the Trust Company Section of the American Bankers' Association, will be held at the Waldorf-Astoria, New York city, Thursday evening, May 8. Following are the names of those who have consented to act as an honorary committee of arrangements:

Otto T. Bannard, President New York Trust Company, New York.

E. Elmer Foye, Vice-President Old Colony Trust Company, Boston, Mass.

Alexander J. Hemphill, President Guaranty Trust Company, New York.

A. A. Jackson, Vice-President Girard Trust Company, Philadelphia, Pa.

Clarence H. Kelsey, President Title Guarantee & Trust Company, New York.

Willard V. King, President Columbia-Knickerbocker Trust Company, New York.

Alvin W. Krech, President Equitable Trust Company, New York.

Edwin S. Marston, President Farmers' Loan & Trust Company, New York.

John H. Mason, Vice-President Commercial Trust Co., Philadelphia, Pa.

Edwin G. Merrill, President Union Trust Company, New York.

Uzal H. McCarter, President Fidelity Trust Company, Newark, N. J.

John W. Platten, President United States Mortgage & Trust Company, New York.

A. H. S. Post, President Mercantile Trust & Deposit Company, Baltimore, Md.

Benjamin Strong, Jr., Vice-President Bankers' Trust Company, New York.

James N. Wallace, President Central Trust Company, New York.

William C. Poillon, Vice-President Bankers' Trust Company, New York; President Trust Company Section.

F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio; First Vice-President Trust Company Section.

Ralph W. Cutler, President Hartford Trust Company, Hartford, Conn.; Chairman Executive Committee Trust Company Section.

Philip S. Babcock, Secretary Trust Company Section, New York.

BANKING AND FINANCIAL NOTES

EASTERN STATES

New York City

—The system of depositing daily customs receipts with three national banks in this city was inaugurated on March 5. Acting upon instructions from Secretary MacVeagh of the Treasury Collector Loeb distributed $744,409.68, collected as follows:

Chase National Bank	$50,000.00
National City Bank	347,199.58
National Bank of Commerce	347,210.10
	$744,409.68

According to a plan of the Treasury Department, the Chase National is to receive $50,000 daily, irrespective of receipts, while the balance is to be divided evenly between the National City and the Bank of Commerce. Heretofore all customs receipts were deposited at the sub-Treasury.

—William C. Lane, formerly president of the Standard Trust Company, which was recently merged with the Guaranty Trust Company, has been elected a director of the latter company.

—Deposits of the Guaranty Trust Company, as reported to the State Superintendent of Banks, at the close of business March 7, were $177,336,742—a gain of $9,000,000 since the statement rendered to the superintendent, December 26, 1912. The resources of this company in the same period have grown from $223,000,000 to $237,000,000.

—Harold S. Schultz, secretary, furnishes the following information about New York Chapter American Institute of Banking:

The mid-winter season of New York Chapter's progress this year is nearly at an end. In every direction we have gained friends and in every department of our work we have increased our efficiency and strengthened our position as one of the foremost educational institutions of the city. These are strong words, but a brief glance over our membership roll and attendance file, together with a perusal of our extensive curriculum, will suffice to prove them without much doubt.

In spite of the fact that a number of men are beginning to experience the first pangs of spring fever, and consequently are thinking of more congenial environment than the study hall, as is always the case at this time of the year, our membership roll numbers 2017, which is an increase of 165 over that of the number last March. While we were congratulating ourselves last year with an average attendance of about sixty men, our lecturers this year, right up to the present time, are meeting audiences of about 200.

The credit course, which is under the direction of Mr. Charles E. Meek of the Fourth National Bank, is a decided success

and has helped materially to encourage the young men of our banks to join with us.

Our chapter night entertainers have been of the very best that could be procured. Fortunately the entertainers have been for the most part volunteers from our own ranks. We are proud to have such an excellent pianist as Mr. Bleilevens with us.

Perhaps the strongest evidence of success in any enterprise is the financial stability which it is able to reach within a stated period. Last summer a number of banking institutions that were interested in the work of our organization agreed among themselves that each of them would subscribe to an amount which should be used together with the income from dues to carry on the lectures and business of the chapter. We deeply appreciate co-operation of this kind and at the same time our object has been to show our gratitude by trying our best to get along without it, for we believe that if we can prove that we are standing on our own feet, our kind friends will realize more than ever that we are sincere when we tell them that our work is of a high and practical value. Without raising our dues and through a careful and systematic use of the funds at our command we have nearly completed the year without touching a cent of this fund. These are perhaps the proudest words that a New York Chapter man can utter for it means that for the first time since our work has been enlarged New York Chapter is independent. We do not claim that we can do all the things that we hope to do in the future without assistance, but the fact remains that we have this year proven ourself so popular with the younger generation of bank men that they are willing to pay not only for themselves but for those who may come after them, that the added impetus to ambition may not be lost to any who might desire to increase their efficiency through association with us.

—Great interest has been aroused among the farmers of Pennsylvania, Maryland, New Jersey and Delaware over the offer of prizes by the Corn Exchange National Bank of Philadelphia for increased yields of corn per acre. Not only have the farmers taken up the matter eagerly, but a number of banks have started corn-growing contests of their own, thus spreading the influence of the good example set by the Corn Exchange National.

—On March 3 the Philadelphia Stock Exchange, which is said to be the oldest stock exchange in the country, began busi-

ness in its new home on Walnut street, west of Broad. The new building is twelve stories, the Stock Exchange occupying the entire second floor and a portion of the third.

—On May 1 the Newark (N. J.) Trust Company will move into its new quarters in the Kinney Building at Broad and Market streets. This is an evidence of the pro-

WALTER B. DAY
PRESIDENT NEWARK (N. J.) TRUST CO.

gressive policy of the company under the management of Walter B. Day, who has been president since the organization on February 1, 1909.

Mr. Day is a native of New Jersey, having been born at Morristown, June 25, 1867. After graudating from the public school he entered the Hackettstown, N. J., Institute,

where he graduatea in 1887. From there he went to Wesleyan University, Middletown, Conn., graduating in 1891 with the title of B. S. He then went to Newark and entered the well-known catering firm of W. F. Day & Bro. He is a member of the Alpha Delta Frat., also prominent clubs in Newark.

—Announcement is made that President A. D. Bissell of the Peoples Bank, Buffalo, N. Y., has bought the building now occupied by the Marine National Bank, and when the latter bank moves into its new building the Peoples Bank will take possession of the vacated premises under a long lease.

The Peoples Bank opened for business May 20, 1889, and owing to increasing business, it removed in 1905 to its present quarters at the corner of Maine and Seneca streets. In that year its total aeposits had grown to more than $4,000,000 and its surplus and profits to $225,000, the total resources amounting to $4,600,000. By the middle of November, 1909, the total resources had grown to $5,375,000, the total deposits to $4,760,000, while surplus and profits had increased $91,000, to $316,000. Three years later, or on Dec. 26, 1912, resources had reached $7,400,000, a gain of more than thirty-seven per cent., compared with three years before; deposits had risen to $6,620,000, or nearly 40 per cent., while surplus and profits had grown to $483,000, an increase of about fifty-three per cent. over 1909.

On March 7 of this year the Peoples Bank had resources of $7,289,673, total deposits $6,511,426, capital $300,000, and surplus and profits $478,247.

President Bissell saw the advantage in

A. D. Bissell

PRESIDENT PEOPLES BANK, BUFFALO, N. Y.

securing for his bank a location that will make it possible adequately to care for the increasing business. Besides affording ample banking space with splendid equipment, the new location is an especially good one, being just across the street from the present home of the Peoples Bank.

—The following information is furnished by Oscar A. Meyer of Albany Chapter, American Institute of Banking:

"Albany Chapter prides itself upon its well attended weekly class meetings under the tutorage of Professor Kennedy of Union University. At the last two meetings "Principles of Stocks and Bonds" were considered, and all the members present felt that the evenings had been spent most advantageously. These meetings prove to each of us that although we may have been doing clerical work in banks for several years, we still have considerable to learn about banking and its many ramifications. This chapter recently celebrated its first birthday by a banquet."

—The annual business meeting and dinner of Group One, New York State Bankers' Association, was held at the Iroquois Hotel, Buffalo, February 11, with an attendance of about 150.

The executive committee initiated a new method of selecting officers by providing ballots with two nominees for each office, together with blank spaces wherein the delegates could write in the names of any other persons for whom they desired to vote.

The election resulted as follows: Chairman, Louis H. Gethoefer, cashier Columbia National Bank, Buffalo; secretary-treasurer, George E. Merrill, cashier First National Bank, East Aurora. Executive committee, C. B. Benedict, president Bank of Attica; J. C. Curtis, president Citizens National Bank, Albion; J. O. Garrettsee, president Bank of Lancaster; Norman A. MacDonald, cashier Citizens Bank of Buffalo; B. D. Phillips, president Bank of Jamestown.

A resolution introduced by F. C. Fay, president of the Union National Bank of Franklinville, suggesting the advisability of Buffalo becoming a reserve city for national banks, and requesting the national banks of Buffalo to give the question favorable consideration, was adopted by nearly a unanimous vote.

Frederick K. Lister, secretary of the committee on inland exchange of the New York Clearing-House Association, made the principal address of the evening, it being an explanation of the proposed new rule of the association making par points of those banks that agree to remit for checks on themselves at par.

Hon. C. A. Pugsley, president, and W. J. Henry, secretary, of the New York State Bankers' Association, were present and made interesting addresses.

—The Peoples National Bank of Pittsburgh in its April financial letter covers in an interesting manner financial and commercial conditions in the Pittsburgh district, where business in almost all lines is reported as seasonably active. The bank quotes as its policy for the past forty-nine years the following from Hon. Hugh McCulloch, the first comptroller of the currency: "Do nothing to foster and encourage speculation. Give facilities only to legitimate and prudent transactions. Distribute your loans rather than concentrate them in a few hands. Pursue a straightforward, upright, legitimate banking business. Treat your customers liberally, bearing in mind that the bank prospers as its customers prosper."

—It is stated that on the return of President Elliott C. McDougal from a European tour the capital of the Bank of Buffalo (N. Y.) will be increased from $500,000 to $1,000,000.

—Every trustee of a New York savings bank is required to file his oath of office

.tment before .omit annually a oncerning his duties, ,rovisions of the Pollock Governor Sulzer on March .ntical bill was vetoed by Gov- .x last year.

.e measure was recommended by Su- .erintendent Van Tuyl, of the State Banking Department, and is designed to hold savings bank officials accountable for any acts of mismanagement.

NEW ENGLAND STATES

Boston

—The Lincoln Trust Company has a new director—James J. Phelan, of the firm of Hornblower & Weeks.

—President Thayer and other officials were present at the laying on March 3 of the corner-stone of the new building of the Merchants National Bank at State and Devonshire streets. The bank hopes to be in its new home by October 1.

—The Monotomy Trust Company has taken over the business of the First National Bank of Arlington, with capital of $125,000 and surplus of $12,500. The officers are: President, James A. Bailey, Jr.; vice-presidents, Warren A. Pierce and James E. Kimball; treasurer, John A. Easton.

—The Fidelity Trust Company, a new organization, will shortly open for business in the Board of Trade Building banking rooms formerly occupied by the Fourth National Bank of Boston. The new company will start with a capital of $500,000 and surplus of $100,000 and deposits of at least $1,000,000.

The officials, as far as chosen, are as follows: President, Leonard H. Rhodes, of the large grocery house of Rhodes Brothers; vice-presidents, James D. Henderson, of Henderson & Ross, real estate, vice-president of the Stoughton Trust Company; James G. Ferguson of the General Baking Company; James M. York of York & Whitney, produce dealers; Edward C. Donnelly of John Donnelly & Sons, advertising and bill posting.

According to a Boston paper, there is an interesting personal story connected with the opening of this new institution. It

James D. Henderson
ORGANIZER AND VICE-PRESIDENT OF THE NEW FIDELITY TRUST CO., BOSTON

seems that some years ago, James D. Henderson, then a boy, went to work for the old Fourth National Bank. Becoming dissatisfied with his progress, he left, and at the time made the statement that some time he would return as a director or officer, having first succeeded in business. In the years that followed, while building up his real estate business, he studied and thought banking. He read books on banking, studied banking abroad, and dug into the subject from every angle; then he made a start. First he organized the Massachusetts Co-operative Bank in Dorchester and became a director; later he was one of the organizers of the Boulevard Trust Company of Brookline, and became a director; next came the Stoughton Trust Company, which he helped to organize and of which he is vice-president and director. A short time ago he, with others, grasped the opportunity offered and formed this newest institution, and now Mr. Henderson goes back into the same quarters which he occupied as a boy, but this time as vice-president and director—thus making good his boyish statement made some years before.

—Active preparations are in progress for the annual convention of the American Bankers' Association, which is to be held in Boston, with headquarters at the Copley-Plaza, in October next. An especially fine programme of entertainment is being arranged. The Boston committee of arrangements includes: T. P. Beal, chairman, president Second National Bank; A. L. Ripley, vice-president Merchants National Bank; W. A. Gaston, president National Shawmut Bank; D. G. Wing, president First National Bank; Philip Stockton, president Old Colony Trust Company; Allen Forbes, president State Street Trust Company; W. R. Evans, president Boston Five Cents Savings Bank, and H. L. Ayer, secretary, with offices in the First National Bank building.

—President Bertram D. Blaisdell presided at a largely attended meeting of the Boston Bank Officers' Association, March 12, which was addressed by Senator John W. Weeks of the Monetary Commission and others.

—N. W. Halsey & Company of New York announce that after March 31, 1913, their business in the New England States will be handled by Halsey & Company, Incorporated, 55 Congress street, Boston, Mass.

Halsey & Company, Incorporated, will act as fiscal agents for municipalities, corporations and estates and will deal in govern-

ment, municipal, railroad and public utility bonds, with especial reference to the requirements of the New England market.

It is believed that the firm will now be in a position to render more efficient service than ever before to institutions, estates and private investors in New England in connection with high grade securities.

F. Monroe Dyer and George A. Lyon, Jr., will be in charge of Halsey & Company, Incorporated.

—The People's Trust Company is reported organizing at Lebanon, N. H.

—At the fourth annual convention of the Vermont Bankers' Association, recently held at Rutland, the following officers were elected: President, Charles P. Smith, president Burlington Savings Bank; vice-president, Henry F. Field, president Rutland County National Bank; secretary, C. S. Webster, treasurer Barton Savings Bank and Trust Company; treasurer, D. L. Wells, cashier First National Bank, Orwell.

SOUTHERN STATES

—Richmond gets an important appointment in the new administration, John Skelton Williams, of the firm of John L. Williams & Son, having been named for Assistant Secretary of the Treasury. In addition to being a banker, Mr. Williams has occupied an important relation to railroad affairs. He created the Seaboard Air Line system and was for a long time its president.

—Stewart McGinty, Frank M. Berry and Hutton B. Rogers were recently appointed assistant cashiers of the Fourth National Bank of Atlanta. These promotions came as a reward for long and efficient service in various capacities in the bank.

—Hereafter the Houston (Texas) Clearing-House Association will report only the amount brought to the clearing-house, in conformity with the rule of the Clearing-House Section of the American Bankers' Association, of which the Houston association is now a member.

—Arkansas, which has always had good banks, now has a good banking law. As a result of a long campaign carried on by the Arkansas Bankers' Association, the Legislature has passed a law which is in accord with the best modern banking statutes.

—In regard to dealings with notaries, the New Orleans Clearing-House Association makes the following recommendations:

1. That the clearing-house association recommends as a temporary means of precaution that notaries be requested to designate a bank or trust company through which their acts of mortgage can be made a matter of record in the presence of the borrower, the lender, the notary and the trust officer or other bank official.

2. That the members and non-member banks of the clearing-house association lend their support to the organization of a title, abstract and guarantee company, with resources of sufficient volume to evidence stability and inspire confidence, and that this abstract company register mortgage notes and practically establish their identity, as is now done in the registration of certificates of stock.

—Announcement is made of the merger of the Phenix and Third National Bank and the Lexington Banking and Trust Company of Lexington, Kentucky, with a combined capital of $800,000. Interests identified with the merged banks are reported to have organized the Phenix and Third Trust Company, with $200,000 capital

—A consolidation of the National Exchange Bank and the Lynchburg (Va.) National Bank is announced, the title last named being retained.

William V. Wilson, Jr., formerly president of the Lynchburg National Bank, has been elected president; James R. Gilliam,

formerly president of the National Exchange Bank, and Allen Cuculla, formerly cashier of the Lynchburg National Bank, vice-presidents; H. T. Nicholas, formerly cashier of the National Exchange Bank, has been appointed cashier, with B. F. Cousins, assistant cashier.

It is intended to make extensive improvements in the rooms and equipment of the Lynchburg National, in keeping with the increased size of the bank and to provide for a further growth which may be surely expected.

—Local committees of bankers recently met at Galveston to make arrangements for the annual convention of the Texas Bankers' Association, which will be held in that city May 13, 14 and 15.

—President Moser of the American Institute of Banking recently announced the appointment of the following gentlemen to serve on the programme committee for the annual convention, which is to be held in Richmond, September 17, 18 and 19:

Chairman, Harry V. Haynes, Riggs National Bank, Washington, D. C.; R. H. Bean, National Union Bank, Boston, Mass.; George H. Keesee, Merchants National Bank, Richmond, Va.

The first meeting or this committee was held at Baltimore at the time of the recent annual banquet of Baltimore Chapter, and general plans were laid out at that time which augur well for a most interesting and instructive convention.

—Texas, whose constitution until a few years ago prohibited State banks, but which now has one of the best banking laws in the country, reports the organization of twenty-one State banks in January, with an aggregate capital of $845,000.

WESTERN STATES

Chicago

—Chicago is to have three new banks—the United States Bank, capital $200,000; Madison and Kedzie State Bank, capital $200,000, and the Deposit State Bank and Savings Company, capital $300,000.

—Mr. Rantoul, heretofore assistant manager of the local branch of the Bank of Montreal, was lately appointed acting manager in place of J. M. Greata.

—J. Edward Maas, until recently assistant cashier of the Corn Exchange National

Bank, is now cashier, and Edward F. Schoeneck, formerly manager of the transit department, is now assistant cashier. Both gentlemen are natives of this city and both were connected with the American National Bank at the time of its absorption by the Corn Exchange National in 1900. Their promotion is the result of efficient service, and will be gratifying to their many friends in Chicago and in other parts of the country.

—An increase of $500,000 in surplus is reported by the Continental and Commercial National Bank, making the total $3,500,000. The dividend rate has been raised from ten to twelve per cent.
The Continental and Commercial Trust Company has set aside $1,500,000 from undivided profits as surplus.

—Application has been granted to organize the Transportation National Bank of Chicago, with $1,000,000 capital. It is expected that the new bank will begin business about August 1, occupying the first floor of the Transportation Building.

—Chas. L. Boye, assistant cashier of the Mechanics-American National Bank, St. Louis, since 1910, on March 13 became assistant cashier of the Fort Dearborn National Bank of Chicago. Mr. Boye has traveled extensively in various sections of the country, and has a large acquaintance.

—The Association of Reserve City Bankers will have its first annual meeting at St. Louis, April 19. G. H. Mueller, president of the Fletcher-American National Bank, Indianapolis, Ind., is president of the association.

—James R. Leavell succeeds the late G. M. Trumbo as assistant cashier of the Mechanics-American National Bank of St. Louis. Mr. Leavell is a son of James A. Leavell, a banker of Fulton, Mo., and has been associated with the Mechanics-American National for a number of years.

JAMES R. LEAVELL
ASSISTANT CASHIER, MECHANICS-AMERICAN NATIONAL BANK, ST. LOUIS

—William D. Leroy and others have incorporated the Kansas City (Mo.) Terminal Trust Company, with $100,000 capital. The location of the new institution will be at Thirty-first and Main streets. William D. LeRoy, formerly of Brooklyn, N. Y., but who has considerable interests in Kansas City, will be president; his brother, Albert

A. LeRoy, first vice-president; James D. Oliver, second vice-president; Harold G. Hunter, secretary and treasurer, and William E. Byers, consul.

The Terminal Trust Company will do a general trust company business and will also have banking and safe deposit departments.

—On February 1, Horace B. Corner, vice-president of the Citizens Savings and Trust Company, Cleveland, Ohio, began his forty-fourth year with the institution. Mr. Corner was the first clerk the Citizens Bank ever had. He joined its staff or practically became its staff in 1868, a few months after it was formed as the Citizens Savings and Loan Association. In those days Mr. Corner would start the fire in the stove in the morning and would lock the doors when he went to lunch at noon. Still young in years, he is at his desk every day from morning until late afternoon, as active as the newest member of the institution's staff.

—Instead of being a tenant of the new Hotel Pantlind, as at first contemplated, the old National Bank of Grand Rapids, Mich, will continue to own its building. The bank will retain a frontage of fifty-seven feet at the corner of Pearl, extending back 100 feet, and turn in the rest of its holdings to the hotel project. It will pay the proportion of the cost of building the hotel represented by its holdings, and above the first floor the building will be leased to the hotel for hotel purposes. This plan will insure for the bank a home of its own for all time to come, instead of subjecting it to periodical negotiations for rental terms, with the possibility of some day being compelled to move elsewhere.

—The increase in capital of the Des Moines (Iowa) National Bank, mentioned some time ago in this magazine as being in contemplation, has now been effected, the increase being from $500 000 to $750,000, with $100,000 surplus. Deposits of this bank are now about $6,500,000, and total resources well above $7,000,000.

—Fred Risser has been succeeded by Grant McPherrin as cashier of the Central State Bank of Des Moines, Iowa. Following his resignation, Mr. Risser stated that he intended buying control of a bank in one of the smaller cities of the State.

—F. A. Chamberlain, president of the Security National Bank, Minneapolis, and president of the Minneapolis Clearing-House Association, and E. H. Bailey, president of the First National Bank of St. Paul and president of the St. Paul Clearing-House Association, are each to name a committee of conference for formulating a plan for clearing country checks.

—Pursuant to an invitation sent out by E. W. Decker, president of the Northwestern National Bank of Minneapolis, a number of bankers and business men met in that city recently to devise means whereby the farmers of the Northwest might engage more actively in the growing of live stock. A committee was named to begin an educational campaign.

PACIFIC COAST

—At a meeting of the executive council of the Washington Bankers' Association a cordial invitation by the associated bankers of the city of Bellingham to hold the 1913 convention of the Washington Bankers' Association in the city of Bellingham, Thursday, Friday and Saturday, August 7, 8 and 9, 1913, was unanimously accepted. The programme for the convention was placed in the hands of P. C. Kauffman, secretary, and J. E. Chilberg, vice-president of the Scandinavian-American Bank, Seattle, and chairman of the executive council. Announcement was made that W. G. Edens, assistant secretary of the Central Trust Company of Illinois, Chicago, had accepted an invitation to address the convention.

The secretary makes the further announcement that J. A. S. Pollard, cashier of the Fort Madison Savings Bank of Fort Madison, Iowa, the eloquent banker-orator, has accepted an invitation to address the Bellingham convention, so that all who attend are sure of a rare treat.

The city of Bellingham is one of the largest and most prosperous cities in the Pacific Northwestern portion of the State, upon beautiful Bellingham Bay, an arm of Puget Sound. The time of the convention is fixed at the height of the run of salmon, which will prove a most interesting and wonderful sight to the visitors, who will have an opportunity not only of visiting the great salmon-canning factories, but also to see the fish-traps, where frequently from 50,000 to 100,000 salmon are impounded at a single lifting. The month of August is a most delightful month to visit Puget Sound, and those who attend the convention will not only be warmly welcomed, but will be immensely delighted with the visit.

—The name of the Merchants' Bank and Trust Company, Los Angeles, has been changed to the Hellman Commercial Trust and Savings Bank.

—At the annual meeting of the shareholders of the First National Bank, San Francisco, James K. Moffit, cashier, was elected vice-president; J. H. Skinner, cashier, and Robert R. Gates, assistant cashier.

—P. E. Bowles, president of the American National Bank, San Francisco, from

A. LeRoy, first vice-president; James Oliver, second vice-president; Haro Hunter, secretary and treasurer, ar liam E. Byers, consul.

The Terminal Trust Company general trust company business also have banking and safe dep ments.

—On February 1, Hora of vice-president of the Citiz ies to Trust Company, Cleveland at Sev- forty-fourth year with th developing

he Los An- nk, an institu- st National Bank, its own magnificent financial district, will rters of the First Na- and Spring streets as a

"Trade and Finance Letter" National Copper Bank of appears the following:

has had another year of build- permits totaling nearly $5,500,000. noting that the building has been class, only 2.3 per cent. of the of frame construction. A slight- proportion of the residence build- of that class, but even there the

o.7 per cent. The aled $1,230,000, and, as last year, it is this item indicates the city's growth. In the increase, the number of resi- available for rental is dropping. In ovember a painstaking census of the city was made, with the result that only 700 vacant buildings, both houses and stores, were found, including about 300 uninhabit- able shacks in various parts of the city. The available supply has been still further cut down, until to-day it is doubtful whether there are 250 habitable and unoccu- pied dwellings in the city, a fact which tells its plain story of local prosperity, and an almost equally plain story of prosperity throughout the whole territory of which Salt Lake is the commercial centre, because Salt Lake cannot prosper by itself. Similar evidence is brought by the Utah Light and Railway Company, which has 1472 more electric light connections outside of the commercial district than it had a year ago, and has hauled ten per cent. more street car passengers in 1912 than in 1911. The stamp sales of the Salt Lake post office, segre- gated because we believe they show more accurately the trend of business than do the gross totals, show an increase for the last year of 6.5 per cent.

"In previous letters attention has been called to the success of the Salt Lake Com- mercial Club in its effort to secure lower freight rates for the Great Basin (brought about just before the close of 1911): The doubling of that organization's membership during the last year, until, with 2000 mem- bers, it stands as the strongest commercial organization west of Chicago, housed in the finest commercial club home in the United States; the springing up everywhere in Utah of a closer harmony and a clearer rec- ognition of common interests; the extensive improvements now being carried forward by the D. & R. G.; the building of a new coal road; the opening of new mines; the swift- ness with which Utah has overhauled and passed that great metal-mining State, Colo- rado, in the output of gold, silver, lead, zinc

BANKING AND FINANCIAL NOTES

…been succeeded by …ahier of the Central …Iowa. Following …stated that …bank in

…on of …opulation, …wise, into the …kage constantly …Nevada; the gains particularly in agricul… the inauguration in Utah State aid for highway con… the rapid growth of hard wheat …ion, and the constant construction of …ators; the extension of dairying; the building of new sugar factories; the successful establishment of one or two branches of agriculture hitherto untried in this country; Salt Lake City's position of leadership in per capita clearings and bank deposits; the growing recognition of Salt Lake City as a surpassingly advantageous distributing point; the maintenance of its position as the world's smelting centre; the increasing excellence of Utah schools; and other similarly important things. They make us glad we live here.

"We who have been watching these things happen before our eyes should lose no opportunity to emphasize them in our letters to friends living in the many less favored localities. After all, that is the kind of advertising that helps the State most. It is truthful, and it reaches the mark."

—The annual meeting of the stockholders of the Utah Savings and Trust Company of Salt Lake, held March 11, effected several purposes: The retiring of Heber M. Wells as vice-president of the institution, the naming of his successor in the person of W. Mont Ferry, the election of Frank B. Cook as cashier, N. G. Hall as assistant cashier, and the unanimous adoption of an increase of capital from $250,000 to $300,000, with additional surplus and accrued profits exceeding $100,000.

No changes were made in the offices of president or first vice-president, W. S. Mc… …a having filled the former office con…uously for a period of fifteen years, and E. A. Wall the last-named office for nearly six years.

—According to the Financial Letter issued by the American National Bank of San Francisco, the nine national banks of that city reporting to the Comptroller of the Currency under date of February 4 showed total resources of $233,094,000, as

compared with $225,066,000 on February 20, 1912. There was a gain of nearly four millions in deposits of individuals, more than two millions in deposits of banks and over ten millions in loans. Cash resources, however, decreased nearly four millions. Here are the figures:

San Francisco National Banks.

	Feb. 4, 1913	Feb. 20, 1912
Deposits, individual...	$87,909,000	$91,870,000
Deposits, banks	57,431,000	59,820,000
Loans and discounts..	106,730,000	117,143,000
Cash and exchange ..	65,470,000	61,542,000

Wm. A. Merchant
PRESIDENT NATIONAL BANK OF CUBA

Banks under State jurisdiction have been called upon for reports as of January 31. While no tabulated returns are yet available, it is apparent from statements published that the banks have made substantial progress during the year. Savings deposits in the San Francisco banks reach a total of more than $180,000,000, and the aggregate is steadily increasing. Two savings banks have deposits of more than fifty millions each. Total resources of all the banks in San Francisco, State and national, are upwards of $500,000,000. The number of depositors who patronize the banks is more than two-thirds of the city's entire population.

CUBA

—William A. Merchant, who has just been elected president of the National Bank of Cuba, at Havana, is recognized as one of the best posted authorities on credits in the West Indies and Mexico.

He represented R. G. Dun & Co. in Mexico until the Spanisn war, when he went to Havana to take charge of their West Indian business. Later on he entered the National Bank of Cuba as vice-president and has been prominently associated with the development and prosperity of this institution, which to-day has assets exceeding $36,000,000 and thirty branches.

CANADIAN NOTES

—At the meeting of the board of directors of the Bank of Toronto on March 19 William I. Gear of Montreal was elected a director of the bank to succeed the late Robert Reford.

Mr. Gear is vice-president of the Robert Reford Company, Limited, and a director of the Crown Trust Company, Montreal.

New System of Bank Illumination

Illustrations in this article furnished by the H. W. Johns-Manville Company.

ONE of the most important of the many improvements made in bank equipment in recent years is that with respect to the method of lighting. The illustrations given herewith convey some idea of the effectiveness of one of the new systems of bank lighting, and a brief description of it, together with a statement of its advantages, will be found of interest.

The system is a practical application of the optical laws governing refraction and reflection.

The light's source is either above or below the line of vision—the eyesight is not affected and there are no headaches caused by heat from the lamps. Clerks will unconsciously do fifteen per cent. more work than with ordinary systems of illumination.

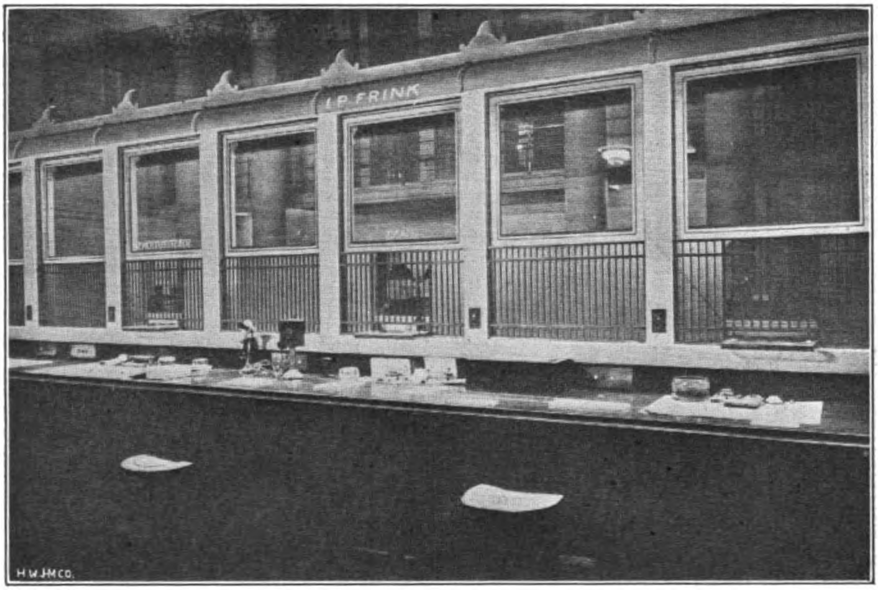
Because of the perfect diffusion of light by means of the special reflectors used in this system, all glare and objectionable shadows are eliminated.

With this equipment it is unnecessary to move books or papers to a certain point in order to get an agreeable light. The uniform illumination permits working upon any part of the desk in any position.

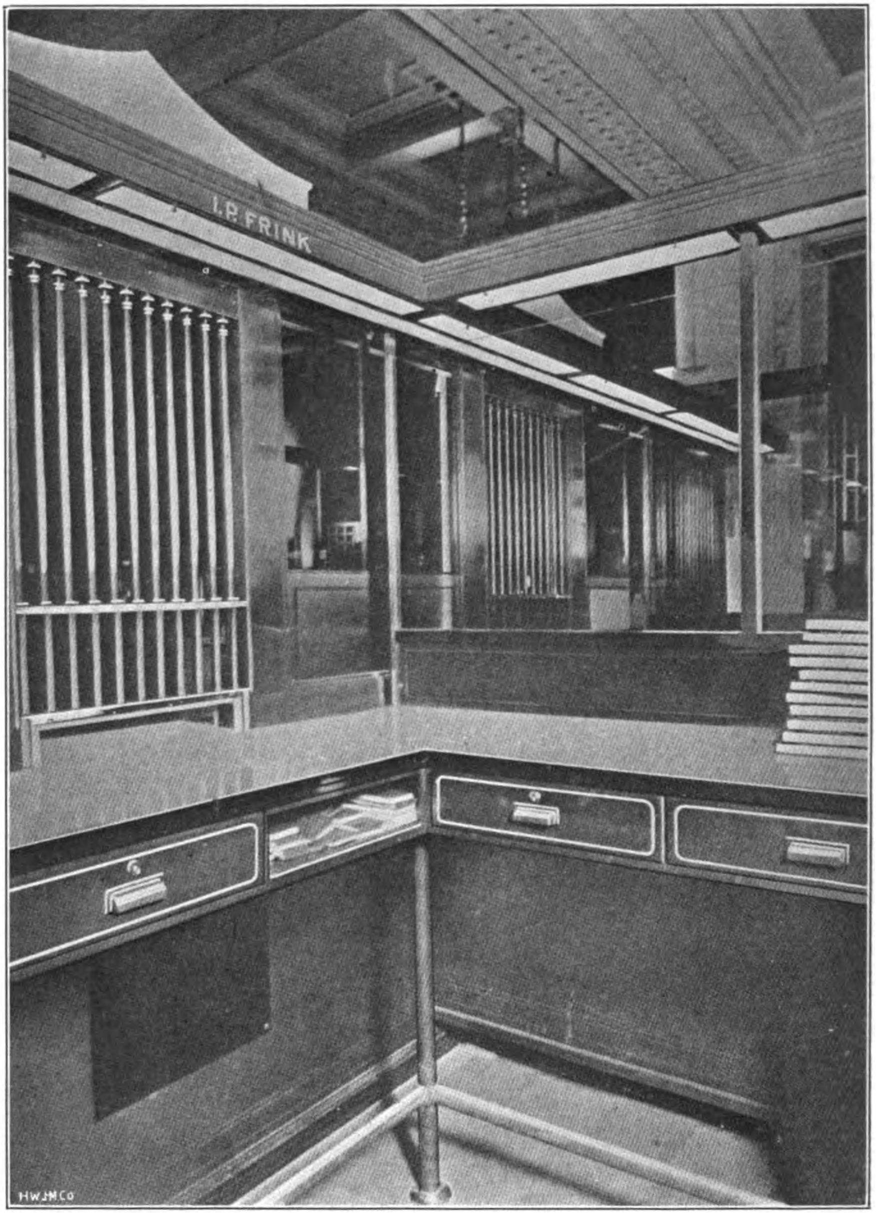
Another advantage claimed for this system is the scientific illumination of working surfaces, such as double and single bookkeepers' desks, adding machine tables, money sorting tables, etc.

The symmetrical appearance of the apparatus is a great improvement over ordinary brackets and cone shades. Besides, the latter type of fixtures are usually disfigured by blotters and tissue added by clerks to shield their eyes from direct light rays.

It is said that this system can be installed with very slight additional cost over that of the ordinary bracket equipment. This matter should be taken up when the screen is being designed, as the reflector can then be made to form a finish to the inner side of the cornice. Thus a saving is effected in the cost of constructing the cornice itself; the expense of electrical conduit equipment necessary for brackets is eliminated as well as the cost of brackets and shades. The aggregate saving effected on all these items is practically sufficient to pay for the improved reflector system.



REFLECTOR WITH A COLD DRAWN BRONZE FRAME, APPLIED TO THE INNER SIDE OF THE CORNICE IN THE NATIONAL CITY BANK OF NEW YORK



LIGHT EQUIPMENT USED IN THE FIRST NATIONAL BANK, DENVER, COLO.

The reflector on the main cornice lights the desk and forms a finish to the inner side of the cornice. The reflector on the partition screen takes the place of the ordinary cornice and lights the desks on both sides. The partition screen reflector is of the same outline as the main screen and is connected with the latter so as to form a uniform finish. The rear of the cages is finished with a blind cornice (without lights) of the same design as the side and front cornices.

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR | MAY 1913 | VOLUME LXXXVI, NO. 5

The Late Leader of American Finance

AMERICAN finance lost its most commanding figure when J. PIERPONT MORGAN passed away. The preëminence which he attained was chiefly due to his honesty and to his extraordinary ability, but was also largely the result of the times and conditions under which he lived and wrought. It has been said not inaptly that we may not look upon his like again. There will be men of equal ability, no doubt; but the times are changing, and it may be doubted whether conditions present and to come will make it possible for anyone hereafter to occupy a place in the world of American finance so eminent as that long held by Mr. MORGAN. This fact—if it be a fact—renders his career all the more unique and interesting.

What were the sources of the great power which he so long exercised?

It would be profitable did this question admit of a complete and definite answer; but it does not. The secret of genius must ever remain indefinable. The qualities that contribute to its development may be indicated, yet the real explanation must be left out because unknown.

Favorable circumstances of birth and early education contributed some share of this man's success, though they alone do not explain it. The common qualities upon which the structure of substantial greatness must be built were his in large measure. And of these qualities it may prove useful to examine one or two which seemed to be prominent traits in the character of J. PIERPONT MORGAN. These traits were honesty and simplicity. To be honest is not merely to be one man picked out of ten thousand, but it confers eminence and commands confidence. This honesty in his dealings with men J. PIERPONT MORGAN had, and it was one of the prime reasons why he came to have at his beck and call almost untold millions of money. Then his mental processes were amazingly transparent. Shiftiness and cunning were foreign to his nature, and by the simplest and most direct processes he went straight to the truth.

At a time when so many seem to believe that roguery and cunning are at a premium in the business world it is refreshing to recur to the example of a life whose remarkable success rested largely upon honesty and straightforwardness.

Without these qualities Mr. MORGAN never could have become the dominant figure that he was at the time of his death. But we must look still further for the real source of his power—and inevitably the search will be unavailing, or at least unsatisfying. We know that he was courageous, confident of his own powers, and with a tremendous capability of inspiring the confidence of others. But we do not know and can never know just why he so often succeeded in vast enterprises and so rarely failed.

In industry as in politics confusion and uncertainty create opportunities

for the bold and the resourceful. The disorganization of American banking and business gave to Mr. MORGAN his opportunity for assuming the part of leader and his character and training enabled him to fulfill the duties this leadership imposed. And yet it would be more accurate to say that he did not assume leadership, that he did not himself seize upon the powers he wielded, but that he was called upon by others as the one most competent for such responsibility. This was notably true in regard to many of his semi-public services. He was looked to naturally as the one man in the country who could inspire the confidence that would stay the ravages of panic.

One secret of his power was the respect he had for this great evidence of trust on the part of his associates in the financial world. Possessed of a giant's strength, he forbore to wield it for his personal aggrandizement. The pettiness of stooping to a vindictive policy was absolutely beneath the larger mould in which his nature was cast.

He was a firm believer in America. His energies were used in building up its industries. Of his achievements he made no public proclamation whatever, but when summoned before a committee of Congress he gave a simple and straightforward account of his financial methods whose very truthfulness confounded those who expected his statement to reveal the devious ways of modern finance. No such revelations were made, because in his plans and operations they had no existence. But he was not a defender of existing conditions, and doubtless he would have preferred other ways of doing things had they been practicable. He recognized that the demands of modern industry called for concentration of effort and capital, and he brought about such concentration by the sheer force of his character and genius. The country's banking machinery was imperfectly suited for carrying on many of the great operations of modern finance—operations which the growth in wealth and population have rendered indispensable—but he took the machinery as he found it, and under his masterful leadership the heterogeneous elements of American finance were made coherent and measurably answered the country's needs.

To recount Mr. MORGAN'S achievements would be almost to write a history of the great railway and industrial development of the country for the past quarter century or more. His most notable services were rendered in sustaining the gold standard in the second CLEVELAND Administration and in staying the force of the panic of 1907. The formation of the great Steel Corporation was of itself a stupendous piece of work.

Mr. MORGAN'S passing away, as already stated, was concurrent with a change of conditions which will probably render it impossible for anyone to duplicate the success of his methods. But he has left behind him a most impressive history, and the great international banking-house with which his name is linked, justly proud of its honorable antecedents, following the principles by which his career was shaped, will continue a factor of immense importance in the financial affairs of this country and of the world at large.

Reserve and Currency Problems

UNDER the above title NEWTON D. ALLING, vice-president of the National Nassau Bank of New York, and former president of the American Institute of Banking, has collated his views on currency and banking matters as expressed in addresses delivered from time to time and presented now in con-

venient consecutive form in a pamphlet recently issued.

The discussion embodied in these addresses covers a subject of deep interest to bankers and the business community generally. Mr. ALLING's views show him to be well qualified both by study and experience to discuss these problems profitably.

He begins by showing a correct apprehension of American history and traditions by stating that Congress will not grant a charter for a central bank. He then sketches the process of building up bank credits and the necessity of maintaining adequate reserves against such credits. His declaration that the increase in bank credits has a marked influence on speculation and prices calls attention to an element often lost sight of in considering our banking problems. Mr. ALLING does not agree with those who think we are making an insufficient use of our gold. "We hear it stated again and again," he says, "that we do not make the full use of our gold. That is, that we hold entirely too much in proportion to the amount of credit it supports. With this statement I take issue."

Those who think we are not making full use of our gold stock fix their attention upon the gold in the Treasury, which they regard as an idle hoard, forgetting that it represents, in large part, certificates which are being employed as reserves for the support of bank credits. Comparing the gold in the banks and Treasury with the vast superstructure of credit reared upon it, Mr. ALLING finds that we are making at least as large a use of our gold as the European countries are making of theirs.

Dealing with the character of reserves, Mr. ALLING states that reserves in the form of credits in other banks, and bonds as "secondary reserves," while both sufficiently reliable in ordinary times, have proven an unsure reliance in time of strong monetary pressure.

Let us now consider Mr. ALLING's remedial proposals. He says:

"I turn to our national Treasury as a substitute for the central bank, and by a slight change in the present issues we can have a currency based upon gold slightly elastic or more so if desired, sound and stable, because guaranteed and regulated by our Government and a central authority.

"I would take our total issue of gold certificates, of which there are approximately $800,000,000,* the issues of legal tender, of which there are approximately $350,000,000, and make them one issue of which there would be $1,150,000,000. Against these I would hold the $800,000,000 of gold coin represented by the gold certificates or yellow backs and the $150,000,000 now held as reserve for the legal tender or greenbacks, giving $950,000,000 of actual gold reserve against $1,150,000,000 of notes issued, or a reserve of .826 per cent. We would here have a note issue based directly upon the gold reserve redeemable only in gold, with a very slight margin of difference between the actual coin held and the issue outstanding. Suppose more money is needed in the country, we have but to increase the volume of notes $100,000,000, always under the proper restrictions, of course, and there you are. No noise, no red fire, no emergency issue to frighten the timid, to sound the warning that our finances are rotten, no newspaper scare headlines. And that is a great argument against all proposed emergency issues, aside from their very bad economic features.

"This issue which I propose would all be uniform both in its engraving, and its life, and its retirement. The first $100 bill would be the same as the last. They would all be Treasury

* In 1908. Gold certificates are now over one billion dollars.

notes, legal tender, available for bank reserve, which is the real thing needed, with no complications about their legal status, as such. Suppose this extra $100,000,000 is issued as previously suggested, and we still have seventy-six per cent. reserve, another $100,000,000 and we have seventy per cent., and so on, though I should never be in favor of going much below the last figure. But if we did, owing to some extraordinary emergency like last October, we could soon recoup by importations of gold or an early reduction of the issue. As to its practical operation: First, let a separate issue department be established in the Treasury as in the Bank of England. Let it be distinctly understood that this issuing of notes is never to be confused or entangled with the regular receipts and expenditures of the Government. Not a dollar of this issue is to go out of the issue department except for gold deposited or under such circumstances as I shall describe later. And let me say here that those notes are to be acceptable for all taxes, duties and customs, and thus do away with that anomaly of a government refusing to accept its own promises for taxes or any other debt.

"In order to get the increased issues when needed into circulation, some scheme must be devised, such as loaning it to banks upon the deposit of approved collateral, and charging not less than five per cent., or loaning to the banks without collateral, and with the same charges, and making the loan a prior lien upon the bank's assets. Personally I am in favor of the latter scheme. That is, taking no collateral and making it a first lien. That gives the bank a freer hand to use the funds for the benefit of its depositors, and those funds will go to the merchant and business man instead of into the security market as in the case of a bond deposit being required."

Mr. ALLING concludes his study by presenting a table, given herewith, showing how present Treasury issues would be thrown into the proposed new issue and how an emergency issue could be effected, which would obviate the necessity of using clearing-house certificates. (Gold certificates are taken as of January 31, 1913.)

	Present Issue.	Gold Reserve.
Legal tender	$346,000,000	$150,000,000
Gold certificates	1,086,000,000	1,086,000,000
Total present issue	$1,432,000,000	$1,236,000,000

	Interest Rate.	Treasury Notes.	Gold Reserve	Percentage.
Proposed issue	4%	$1,432,000,000	$1,236,000,000	86%
Emergency increase	5%	1,532,000,000	1,236,000,000	80%
Additional increase	6%	1,632,000,000	1,236,000,000	75%
Exceptional increase	7%	1,732,000,000	1,236,000,000	70%

This summary of these very interesting proposals is necessarily imperfect, and the reader is referred to the pamphlet itself and to the bill presented below for a more adequate presentation of Mr. ALLING's views.

Essentially the plan is this: Starting with the present volume of legal-tenders and gold certificates, with a gold cover of eighty-six per cent., the volume of notes (the new form of currency, representing a consolidation of the legal-tenders and gold certificates and to be called Treasury gold notes) is to be increased under a sliding scale of interest and a lowering of the percentage of the gold cover, not, however, below a minimum of seventy per cent. Substantially this would be keeping the

part of the paper reserve now represented by gold and greenbacks with the existing aggregate gold cover in ordinary times, but as the demand for currency (or reserve money) increased, the gold cover would be slightly reduced; but if Mr. ALLING's proposals were adopted the percentage would not fall below a minimum of seventy. The rate of interest to be charged the banks for this currency would restrict the use for it and prevent it from becoming a source of inflation of bank credits.

The issue of currency through the Sub-Treasury, instead of through a central bank, is in accordance with our present custom and on the score of safety and feasibility from a political standpoint has much in its favor.

Mr. ALLING's studies of our reserve and currency problems constitute a practical and valuable constribution on a most important subject.

At the request of a member of the Senate Banking and Currency Committee, Mr. ALLING has put his proposals into the form of a bill, as follows:

Be it enacted by the Senate and House of Representatives in Congress assembled:

SECTION 1: That a separate department be organized in the United States Treasury, to be designated as the Issue Department of the United States Treasury. That all issues of currency hereinafter specified shall be transferred to the Issue Department, and that no coin, specie, bullion, bills or currency shall be paid out from or taken into such department, except as hereinafter authorized. The Issue Department shall be under the immediate control of the Comptroller of the Currency, and all reports of currency outstanding and specie, bullion and coin held therein shall be made to him; but the Issue Department shall be subject to the general control of the Secretary of the Treasury.

SECTION 2: All silver dollars and bullion or silver bars held by the United States Treasurer for the redemption of silver certificates shall be transferred to the Issue Department and thereafter no certificates for silver dollars shall be issued except for a like amount of silver coin. All silver certificates for redemption shall be redeemed by the Issue Department.

SECTION 3: All gold coin, bullion or bars held by the United States Treasurer for the redemption of gold certificates shall be transferrd to the Issue Department and thereafter no certificates for gold coin shall be issued. All gold certificates presented for redemption shall be redeemed by the Issue Department.

SECTION 4: The reserve fund of $150,000,000 gold coin held by the United States Treasurer for the redemption of United States notes of the act of March 3, 1863, shall be transferred to the Issue Department and thereafter no United States notes of the issue of 1863 shall be issued. All such United States notes presented for redemption shall be redeemed by the Issue Department.

SECTION 5: The Secretary of the Treasury shall cause to be prepared currency of the usual standard engraving of the denomination of $20 and upwards, which shall be an obligation of the United States of America and shall be designated as a "Treasury Gold Note" and which shall specify that the United States of America will pay to bearer on demand — — — dollars in gold. After this act goes into effect the Issue Department of the United States shall issue Treasury gold notes in exchange for all deposits of gold coin or bullion. All gold certificates and United States notes of March 3, 1863, received by the Issue Department thereafter for redemption shall be destroyed and Treasury gold notes issued in their stead. All gold certificates and United States notes received by the Treasurer in payment of customs duties or any revenue whatsoever shall be presented to the Issue Department for redemption and Treasury gold notes received in their stead. Any Treasury gold note in the possession of

the Treasurer or any of the Sub-Treasurers shall be counted as outstanding by the Issue Department until presented for actual redemption.

SECTION 6: Such Treasury gold notes shall be a full legal tender in the settlement of all debts, public or private, and shall be received for all taxes, debts, customs and demands due the United States, or any State, and shall act as a full discharge of any obligation in the United States of America, or any of its colonies and possessions, and shall be counted as legal reserve by national banks.

SECTION 7: The denominations of the Treasury gold notes shall be $20, $50, $100, $500, $1,000, $5,000 and $10,000. The denominations of the silver certificates shall be $10, and such other denominations as the Secretary of the Treasury may deem warranted, except that no denomination shall be greater than $20. The National Bank Act, Section 5175, is hereby amended to read that national banks shall not be supplied with notes of a larger denomination than $10 and the Comptroller may in his discretion furnish denominations of five dollars, two dollars and one dollar.

SECTION 8: The Secretary of the Treasury shall appoint the Comptroller of the Currency and the president of each clearing-house in cities of over one million inhabitants, according to the last national census before such appointments, as a commission to be designated as the Currency Commission, of which the Secretary of the Treasury shall be the chairman, whose duties shall be such as are hereinafter set forth. Any member may authorize or appoint another person to act in his place and as his proxy at any single meeting. A majority of the commission shall control.

SECTION 9: Upon call of the Secretary of the Treasury or any two members of the commission, the commission shall meet in any city designated, provided such city is a Sub-Treasury city, and at every meeting there must be the full commission present composed of its original members or their proxies, though not more than two proxies shall attend any one meeting. Immediately after the passage of this act the Secretary of the Treasury shall cause the Currency Commission as herein provided to meet and formulate such plans as it may deem proper to protect the Issue Department in loaning funds to incorporated clearing-houses.

SECTION 10: The Secretary of the Treasury shall, upon a full vote of the Currency Commission, authorize the Issue Department to issue one hundred million dollars additional Treasury gold notes, which shall, at the discretion of the commission, be loaned to incorporated clearing-houses having five or more national banks as members. Such loans shall be viséd by an accredited representative of the commission, who shall be stationed at each clearing-house to which such loans are made. The security may consist of stocks and bonds, or promissory notes bearing one or more endorsements. The national bank examiner in the district in which each clearing-house is located shall, himself, every week, or by a representative, examine and check up the collateral so taken from the clearing-house in his district and forward his report to the Comptroller of the Issue Department. Each clearing-house shall be responsible to the Issue Department for the money so loaned to it. If the clearing-house provides suitable vaults the commission may authorize its representative to use them for storing the collaterals and records in his charge, otherwise they shall be stored in the nearest Sub-Treasury. The charge to the clearing-house for borrowing money as provided shall be not less than five per cent., provided that no bank shall be charged by its clearing-house more than is paid by the clearing-house to the commission. The commission may in its discretion authorize the Secretary of the Treasury to issue another one hundred million dollars in Treasury gold notes provided the interest charged to the clearing-house is raised to six per cent., and an additional one hundred million dollars in Treasury gold notes

may be authorized, provided the interest charged is raised to seven per cent.; but the commission may in its discretion raise the rate without any additional issue.

Section 11: Clearing-houses may discharge all or any part of their indebtedness and recover the security given to the Currency Commission or any part thereof by depositing with the Issue Department Treasury gold notes to the amount required or their equivalent in gold coin or bullion, and no other money, currency, coin or bullion shall be received in lieu thereof.

Section 12: The interest paid by clearing-houses for advances of Treasury gold notes shall be paid by the Comptroller to the Treasurer of the United States and shall be received by him as revenue and turned into the general fund.

Section 13: Whenever the available cash balance of the Treasury shall exceed $50,000,000, it shall be the duty of the Secretary of the Treasury to require such excess to be equally distributed and deposited to the credit of the Treasurer of the United States in such designated national banks as may by him be selected. Such deposits shall bear interest, be subject to demand, and shall be secured by a deposit of bonds such as are a legal investment for postal savings banks, provided that every national bank shall be entitled to its pro rata share of the deposits up to fifty per cent. of its capital and surplus, and banks shall be appointed depositories in the order of the priority of their applications. The Treasurer shall designate depository banks who shall cash warrants drawn on the Treasurer, and provided that banks applying for such designation shall have a prior right to appointment as depositories over those not so applying. Funds so deposited as provided in this section shall bear no relations to, nor be subject to, any of the provisions as provided in section ten for the loaning of Treasury gold notes to clearing-houses.

Section 14: That all provisions of the National Bank Act allowing balances due from other banks in designated reserve cities to be counted as part of a bank's legal money reserve are hereby repealed. That hereafter national banks in New York, Chicago and St. Louis shall carry twenty-five per cent. in legal reserve money. All banks in reserve cities shall carry 12½ per cent. in legal reserve money and all other national banks shall carry six per cent. in legal reserve money until February 1, 1914, when they shall carry seven per cent. in legal reserve and on February 1, 1915, and thereafter they shall carry eight per cent. of their net deposits in legal reserve money.

Section 15: That after this act goes into effect any issue of clearing-house certificates or other unauthorized evidences of indebtedness which are intended to be used as money shall be subject to a tax of ten per cent.

Section 16: That all acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

A Purely Government Currency

Among the many suggestions coming to this Magazine in regard to banking and currency reform, the following extract from a letter written by G. R. De Saussure, vice-president of the Barnett National Bank of Jacksonville, Florida, will be found interesting:

"I believe that it will be politically impossible to establish a sound system of banks of issue along the lines so far proposed, because the people are afraid of increasing the privileges and powers of the banks. The necessity for a change is imperative and delay will mean much loss and suffering to the nation. This being true it does seem to be the duty of the Government to take the matter in hand and provide a governmental system of issue and redemption. This can be done by the creation of a department of issue and redemption with a sub-department in

each State, Territory and possession of the United States.

"The banks of the United States should be allowed to do business with this department just as they are now doing business with banks in central reserve and reserve cities.

"The Treasury Department should turn over to the department of issue and redemption all specie held against gold and silver certificates and greenbacks and all such issues should be called in and redeemed by a new issue to be based fifty per cent. on specie and fifty per cent. on commercial paper.

"As the charters of the national banks expire they should not be renewed and the Government should issue such a bond as will sell at par and substitute it for the bonds held as security for circulation, thus saving the banks from loss.

"If the Government will hold the bank reserve of each State and will discount the paper offered by the banks, the individual banking of the nation will be vastly strengthened and the fact that currency or specie can be secured on short notice from the Government will enable the banks to run on smaller reserves and thus the actual volume of specie and paper needed can be reduced.

"The exchanges of the nation, in my opinion, if such a Government system as I suggest is established, could be much more economically effected. The reserves of the banks of the nation being in the hands of the Government could be so handled as to meet any emergency which might arise in any particular section or locality. With the power to receive deposits from banks and to discount paper the Government could create the necessary machinery for so handling the discount rate as to control or influence the movement of specie.

"The issues of the Government being based fifty per cent. on commercial paper it would be possible for each community to obtain currency as needed on its local resources. This would make an ideal condition and one which has never yet existed in perfect form in this country.

"Under the system I propose we eventually would have only one form of paper money and that issued by the Government. I know that this proposition will be laughed at by a great many, but I believe that all those who realize what the concentration and rigidity of funds at certain periods under the present system means will agree with me. The power to control funds which are needed elsewhere exists, not because those who do the controlling wished it, but because of our defective system. To meet this power and prevent its baneful influence the Government should itself become the greatest financial power of the nation.

"Such a system as I suggest would, of course, do away with the locking up of Government or other funds, would economize the use of specie and broaden the credit basis of the nation.

"The power to discount should rest only in commissioners who shall be nominated by the associated banks of each State, Territory or possession in which a sub-department of issue and redemption is established."

These proposals contemplate that the power to issue currency be lodged solely with the Government and that the latter should also have the power to discount but should exercise this power only through commissioners nominated by the associated banks.

In cursorily reviewing the history of national banking in the March number of this MAGAZINE it was pointed out that since 1863 at least it has been the policy of the United States to prohibit the issue of genuine bank notes and to substitute a Government cur-

rency for them. This policy would be a little more definitely established were Mr. De Saussure's proposals enacted into law. The assumption of discount functions by the Government, even when acting through a commission named by bankers is, however, an innovation, though it might prove a popular one were the bankers' supervision taken away altogether—though this limitation upon Governmental discounting is evidently a wise one.

We do not doubt that Mr. De Saussure from his long experience as a banker and an intimate knowledge of our currency and banking problems would, if given a free hand, draw up a banking and currency measure on different lines from those he has proposed above. But a free hand is what no one is going to have in drawing up a measure of this kind. Limitations of many kinds will have to be recognized. And Mr. De Saussure sees very clearly what some of those limitations are.

Political Affairs and Business

DEVELOPMENTS are going on in the political world that may have important effects upon the business of the country. While it would be most unwise to seek to create any feeling of apprehension in regard to these developments, it would be equally foolish to ignore them altogether.

Of first importance, of course, is the tariff. The new measure undoubtedly represents an honest attempt on the part of President Wilson and his advisers to carry out the popular mandate for a downward revision. Opinions differ as to the ultimate influence of such reduction upon American industry. Mr. A will tell you quite positively that when the new law gets fairly going our manufacturers will be released from the trammels that have heretofore held them back and show us what they are really capable of when they are placed in free competition with the world. Mr. B will tell you even more surely that this tariff is but the beginning of the ruin of our industries, and that we might all just as well shut up shop at once.

We suspect that both these extreme views are exaggerations, and that they may as well be discounted a good deal. At any rate, these opinions are no concern of ours. But it may not be unprofitable to speculate upon the probable effect of the new tariff upon the business of the country while the adjustment to the changed conditions is in progress.

Whatever may be one's theories about high and low tariff, the view is pretty general that the manufacturers of the country are not going to throw up their hands and quit the game because some of their protection is taken away from them. They will find some means of turning an honest penny now and then, tariff or no tariff.

There is, nevertheless, no little feeling of concern as to just what will happen while the adjustment to the new conditions is taking place. It may be that business will have a temporary chill from which recovery will be slow and difficult. That is the one present disquieting feature of the situation so far as the tariff is concerned.

The programme of the new Administration with respect to currency reform is awaited with great interest. While the air is filled with rumors nothing definite has yet appeared which may be regarded as foreshadowing the policy of the President. We hope most earnestly that he may recommend something other than a mere scheme for enlarging the issue of paper money, and thus tending further to enlarge the already swollen volume of bank credits. The banking problem is one demanding the most conscientious and patriotic

consideration of the President, and one to be approached with an open mind. If the party now in power can unite on a sound banking measure it will confer a great boon upon the country. On the other hand it cannot escape responsibility if it fails to act wisely and with a reasonable degree of promptness.

The Income Tax

LOSS in revenues following a reduction of the tariff must be made up from some source, and one of the readiest means is, of course, to put a tax upon incomes. A measure providing for an income tax of some kind will almost surely be enacted by the present Congress, and perhaps at the special session. Incomes below $3,000 or $4,000 a year will probably be exempted from the tax, as one of the aims of an impost of this kind is not only to recoup the revenues lost through tariff reduction but at the same time to put a penalty upon ability and thrift.

This taxation of large incomes and the exemption of small ones proceeds on the theory that taxes should be most heavily laid on those most able to bear the load. Nothing looks fairer; and yet, were the theory extended to its utmost limits, the very rich would pay all the taxes while the poor and those in moderate circumstances would escape taxation altogether. With the most numerous element of the population relieved from sharing the burdens of government, it requires no vivid imagination to picture the evils that would surely result.

The arguments for and against an income tax are too familiar to require repetition. One of the most convincing arguments against the laying of such a tax as an ordinary means of revenue is that it is a source of great strength to a government to hold such a tax in reserve to be used only in case of war or other emergency.

As the proposed tax is small and follows reasonably fair lines we do not suppose there will be any serious objection to it.

In these days of lavish expenditures one is prompted to inquire whether a tax on outgo rather than on income would not be beneficial. Possibly this fruitful source of revenue has been overlooked by the Ways and Means Committee.

The Central Reserve Banks

ONE of the late and apparently somewhat taking suggestions for banking reform proposes the creation of a series of fifteen "regional" banks, with a number of branches; these "regional" banks to be located in the chief financial centres and to have a general oversight of banking in the surrounding territory.

Those who are proposing this new form of financial machinery fail to see that there are already in existence many "regional" banks in the reserve cities, and that while these banks have no branches, they have at least a fair equivalent in their numerous correspondent banks scattered all over the country.

It is doubtless true that the existing reserve banks do not at all times fulfill their functions properly. But what is the reason? There are enough of such banks, capably officered, but why, in the time of trial, do they fail to stand the test? We think these three statements answer these questions:

(1) There should be more central reserve cities. San Francisco and New Orleans at least should be added to New York, St. Louis and Chicago.

(2) The capital of banks acting as reserve agents in the central reserve cities should be largely increased and a

larger reserve reqired in ordinary times.

(3) Central reserve banks should be granted the right to issue credit notes under proper restrictions.

(4) These banks should be disentangled from their relations with the speculative security markets and withdrawn from the field of investment banking.

Thus there would be created out of our existing banks a system of real reserve banks adequately equipped to fulfill their functions.

There is in these proposals no suggestion for emergency currency or a flood of paper money of any kind nor is any new and strange piece of financial machinery hinted at. For these reasons, we do not expect this simple programme to have any weight whatever with Congress.

Clearing-House Currency

ADDRESSING the Syracuse (N. Y.) Chamber of Commerce recently, James G. Cannon, president of the Fourth National Bank of New York and author of a standard work on "Clearing-Houses," said:

"I feel that an elastic currency, designed to meet the requirements of our trade, can be devised by availing ourselves of the machinery of our clearing-house associations.

"In the panic of 1907, the maximum amount of clearing-house loan certificates, cashier's checks and other substitutes for money issued, as far as known—and I have attempted to gather these statistics very carefully—was $236,189,000, which, after the panic, were all retired without the loss of a single dollar to the banks or to the public. Of this maximum amount, $84,420,000 were outstanding in New York; $38,285,000 in Chicago; $10,578,000 in St. Louis—a total of $137,283,000, or fifty-eight per cent. of the whole having been contributed by the three present central reserve cities.

"The reserve cities, forty-seven in number, had a maximum amount of $88,496,000, or 37½ per cent. of the whole; so that the central reserve and reserve cities issued 95½ per cent. of the entire amount of these so-called emergency certificates. If we look at it in another form and take simply the Sub-Treasury cities, nine in number, consisting of New York, Baltimore, Cincinnati, Boston, New Orleans, St. Louis, Philadelphia, Chicago and San Francisco, these cities issued about seventy-eight per cent. of the amount outstanding.

"I am giving you these figures to show that if the clearing-houses either of the central reserve cities and reserve cities, or simply the clearing-houses in cities where there are Sub-Treasuries, could be properly incorporated and privileges given to them in connection with the issue of an elastic currency suitable to the trade and commerce of the country, bearing a high rate of interest while the same was outstanding, and retirable by deposit of lawful money in the Treasury of the United States, the same as national bank notes are now retired, we would then have the machinery established for handling an asset currency, which would be available in all parts of the country. If these associations could then be federated in some way so that the actual cash reserve, which is held in one association would not be drawn out by another association and a scramble for cash made in times of stress, and by combining them under some governmental supervision and power whereby the reserves of the various associations could be massed, I believe we would have the beginning of a strong financial system in this country. From time to time methods could be evolved for the retirement of national bank notes based upon Government bonds and

other of the reforms which are so needful could be carried out.

"The thought which I have just outlined, in a general way, would create elasticity in the assets of the banks in the various associations. In times of financial stress and special activity, what the banks require are assets which are readily convertible into cash and which will pay depositors as well as afford a basis for new loans. At such times we need expansion in the right direction, and not contraction. We do not need more fixed currency, but we do need flexibility."

Bankers are entirely accustomed to the clearing-houses, and this is why they would prefer to utilize them in remedying defects in our currency and banking system instead of seeing any new and untried piece of machinery set up with whose workings the banks are not familiar.

Important Governmental Changes

DISSATISFACTION with many of the forms and practices of government is indicated by some of the changes recently taking place in our political system. The amendment to the Constitution providing for the direct election of United States senators, the agitation for the initiative, the referendum and the recall—all these are signs of popular discontent with the workings of a system long believed to be the most efficient the wit of man could devise.

But an even more startling innovation is now proposed. This is no more nor less than an abolition of the State Legislature as a law-making body and the substitution therefor of a commission of very limited membership.

The growing intimacy of people of different localities resulting from the increase of facilities for communication tends to emphasize the difficulty of carrying on business under our varying State laws. We do not exaggerate in saying that it is exceedingly annoying and burdensome to business to keep track of this multiplicity of statutes and to conform to the varying constructions of them by the State courts. To obviate this inconvenience a movement was inaugurated some years ago looking to uniform State legislation on certain subjects, and this movement has been attended with considerable success, the uniform Negotiable Instruments Act being a conspicuous example. It might be found, on comparison of State laws on a variety of subjects, that the differences were not vital and that uniform laws with respect to many matters could be easily had.

The trouble with uniform laws adopted by numerous States is this: that while a uniform draft of a law may be offered, it is liable to undergo several modifications before enactment, and is always open to varying interpretations by State courts, so that in the long run a gradual divergence in the law takes place.

Manifestly, there are a number of matters of purely State regulation, in which the Federal Government has no right to interfere. But the things in which we are all interested in the same way, without regard to State lines, are already numerous, and they tend to grow in number as the means of communication multiply.

In view of recent innovations in governmental matters, it would not be surprising if before long there should come a clearer recognition of the identity of interest existing between the people of the various States, and that this may lead to closer uniformity of laws or even to Federal legislation upon a variety of subjects heretofore deemed exclusively within the province of the States.

Credit Service*

By F. B. Snyder, Assistant Cashier First National Bank, Philadelphia

THE success of a bank is measured largely by the wisdom of its loaning policy. Time, money and effort expended in securing business can be easily wasted by unwise investments which consume profits or so absorb loanable funds as to make it impossible to accommodate deserving depositors. The most productive loans a bank can make are those which furnish the means to develop its home community and the great service of its board is to furnish accurate information and sound judgment regarding local credits. In all places not characterized by diversified industry, however, there are generally seasons when the home demand for money is light, and the banker must either carry unnecessarily large reserves or seek outside investments.

Fluid Assets.

Efficient bank management is tested by the maintenance of fluid assets, enabling the institution to meet easily all reasonable demands both for withdrawals and new loans and at the same time to earn the maximum profit consistent with this condition. Liquidity of resources is obtained through:

(1) Call loans secured by active collateral.

(2) By a constant stream of maturing notes which the holding bank is under no obligation to renew, such as are offered by the note broker.

(3) By short-term secured railroad and corporation notes, equipment trusts and maturing bonds.

(4) By a preponderance in the investment account of high-grade bonds having a broad and easily ascertained market.

Call Loans.

(1) Call loans are of the greatest importance in keeping assets liquid. They should represent demand obligations of reputable brokers, approximating eighty per cent. of the market value of the quickly salable securities deposited as collateral. The loan carries the further agreement, expressed or implied, that this margin will be maintained. The comparative safety and quick convertibility make for a low rate of return. Such loans are a protection against depletion of reserves by an unexpected demand for money from home customers and are highly valued for that reason. The Philadelphia market for call loans is not marked by the fluctuations of rate characteristic of more speculative centres. While six per cent. is the maximum, the rate rarely drops below three, and changes are not from day to day but more often from month to month.

Commercial Paper.

(2) Commercial paper consists of four to six months' notes of reputable concerns engaged in staple mercantile and manufacturing lines in amounts of $2,500, $5,000 and multiples thereof, sold through a note broker as a protection to the borrower against local financial conditions. Such notes are bought on the reputation of the maker for integrity and ability and against the general security of his assets. The broker usually furnishes a copy of the maker's latest financial statement, frequently certified by independent public accountants, and a list of bank and trade references.

Method of Purchase.

If purchased with a view to the time of greatest home demand for money, commercial paper affords a constant income when most needed, maintains

 (This article has been reprinted in pamphlet form by the bank for complimentary distribution.)

reserves, and often furnishes the maximum return for outside investments.

To meet the needs of out-of-town banks, brokers will sell notes on option subject to seven to ten days' investigation.

F. B. SNYDER
ASSISTANT CASHIER FIRST NATIONAL BANK, PHILADELPHIA

Mr. Snyder has risen steadily and rapidly to a prominent place in banking. At the age of sixteen he entered the Merchants National Bank of Philadelphia as a subordinate clerk, and was gradually promoted until November, 1909, when he became assistant cashier. In July, 1910, the Merchants National was absorbed by the First National Bank, and Mr. Snyder was elected assistant cashier of the latter institution. He is a charter member of Philadelphia Chapter of the American Institute of Banking, and has been secretary and vice-president of the chapter. He has also served the National Institute as chairman of the educational committee, in which capacity he did much to stimulate interest in the better education of bank clerks for their duties. He is at present vice-chairman of the American Institute of Banking Committee on Post-Graduate Education. Mr. Snyder represented Philadelphia Chapter of the Institute in the organization of the Evening School of Accounts and Finance at the University of Pennsylvania, and was a member and president of the first class of 1907. He is also treasurer of the Philadelphia Association of Credit Men. His activity in the work of the American Institute of Banking has made him well known especially among the younger bank men of the country

The Broker and His Function.

Although the sale of commercial paper is a business development of the last fifteen years, it has grown with such rapidity that the gross aggregate would probably run into the billions annually, and at least six brokerage firms are said to be turning over not less than one hundred million dollars a year each. The function of the broker is to afford greater seasonal borrowing facilities than are furnished by the local banks and to transfer credit from communities where there is an abundance to those where there is need, thus tending to equalize rates. His position is, in a measure, analogous to that of the underwriters' association of the fire insurance companies in that he distributes the risks in small amounts among many creditors, so that possible losses fall with less severity on any one. The value of his service is best exemplified by the extent to which reputable concerns have availed themselves of it.

The Broker's Character.

Banks buying commercial paper do not rely as much on the broker's advice as in purchasing funded securities from investment bankers, but if dealing direct it is well to know his character, methods and something of his financial responsibility. The chief warranty by the broker regarding a note is its genuineness and he assumes no responsibility for its payment. The promptness and skill with which he detects signs of weakness in his borrowing accounts, his ability to handle the situation to preserve the creditors' equities, and the means at his command to furnish accommodation to tide over temporary stringencies and prevent possible emergencies, are important elements to be considered in purchasing his offerings.

"The three C's, Character, Capacity and Capital," are determining factors in judging the worth of a borrow-

er. The two most important of these elements are intangible, and positive rules in credit granting are, therefore, few. The factors are interdependent and all three are required to make a desirable risk.

The Moral Hazard.

How can a bank's officers judge the integrity and ability of men scattered over the broad country—men with whom they never come in contact and whom they would pass unknowingly on the street? Here the banker must depend on the opinion of some one else for the impressions he is unable to gather from a man's history as set down in the mercantile reports. The problem is to get an expression from a banker who knows the risk and to be only "once removed" from the source of information. If the maker of a note does business in Seattle and your facts come from Philadelphia via Chicago and San Francisco, the opinion may reach you in a somewhat garbled state, since it is rarely a direct quotation, but is generally tinctured by the minds through which it has passed. Some banks protect themselves by a triple or quadruple checking through different reserve centres, but it sometimes happens that all the intermediaries are relying on the same primary source, and the result is in effect a single opinion.

Credit Co-operation.

Age as well as technical skill is an important essential to any credit department. It is only by an accumulation of statistics in comparative form over a series of years and the weaving of the threads of a business career into the completed fabric of history that the proper perspective can be secured. The establishment of credit relations with financial institutions in all the important centres, such relations as permit the frankest interchange of opinions, is not a matter of months, but rather of years of coöperative effort, of give and take, and of willingness to be the wheel-horse for weeks at a time, secure in the knowledge that in the hour of greatest need this courtesy will be promptly and freely reciprocated. In this way reserve city banks, intent upon securing the best credit service for themselves and making it available for correspondents, have been building in the years which have passed since the introduction of the modern credit department in banking institutions. As a result they are able to get these highly desirable, first or second-hand opinions of character and capacity.

Statement Analysis.

It is important that the paper-buying banker should be able to deduce his own unbiased opinion from the facts obtainable and, having done so, to stand by it. Even the dry statistics of the balance-sheets, carefully tabulated from year to year, may be replete with character indications. Is the cash in bank in reasonable proportion to liabilities year after year? The man must be unwilling to take excessive chances, prepared for sudden emergencies, a fair dealer with his banks and therefore in a position to command their support when needed. Are the bills and accounts receivable excessive when considered in the light of the seasons and trade terms of the business? Yes? The man must be a poor collector or a poor judge of credits, and the value of his receivables is open to question. Business conditions allowed for, does the proportion of goods on hand to annual sales indicate careful merchandising and an annual cleaning out of dead stock, or is the merchant or manufacturer disinclined to take a small present loss on unsuccessful lines in exchange for an opportunity to get his capital and endeavors into more profitable business?

The Plant Account.

Is the plant account gradually increasing without adequate reserves for depreciation, possibly indicating that charges have been made to this permanent investment instead of to expense

account? If so, the man is deceiving himself, his large profits are earned at the cost of the up-keep of his plant, and a few years will make a shell out of that end of the business. Have patents, licenses, franchises or good-will been highly valued, indicating an unjustified optimism and a tendency to capitalize hope and expectation? A debt steadily increasing, exceeding the capital and out of proportion to the quick assets may suggest an inclination to overtrade and spread out at a rate inconsistent with safety.

Experience.

The plain unvarnished history of a venture and the men who guide it will often bristle with warnings to a careful credit reader. If previous undertakings have been unsuccessful and relief has been sought in the shelter of bankruptcy; if a man is constantly changing his associates or line of business; if previous efforts have been in unrelated industries, indicating a lack of training; if fire losses are frequent and unexplainable; all these are danger signals to be heeded.

Capital.

A man with integrity and ability is well equipped for his life work, but as a seeker of credit he must possess the third attribute, Capital. Some banks refuse to investigate open market borrowers possessing less than a half million net worth, insisting that depository banks can care for the credit needs of smaller concerns. The extent of capital varies with the character of the business. A highly seasonal line, with its major activities confined to a few months, would have less capital in proportion to its sales than a non-seasonal business, or the concern would be a lender of money in off periods. As a general rule, the capital should exceed the indebtedness, and the owners should have more at risk than the creditors.

Capital also bears a direct relation to annual sales and is an indication of the manner in which the business is handled. If a concern is not turning its capital as often as the average well-managed company in the same line, it may be because the sales' end is not aggressively handled, collections are not as promptly made, or too much of the capital is in fixed assets. On the other hand, speculation and overtrading can be seen in sales showing too frequent turning of the capital. These matters must always be considered in connection with the available opinions and data on the character of the management.

The Line of Business.

Conservative paper buyers ordinarily express a preference for the notes of concerns engaged as wholesalers or jobbers of staple articles such as meats and provisions, groceries, hardware and dry goods. The trades supplying the primary wants of food and clothing are least affected by stringency. The further an occupation is removed from these basic needs, the more susceptible it is to the varying financial and business conditions. The preference given to jobbers and wholesalers is due to the greater risks of manufacturing. At the other end of the scale from the merchant in staples is the producer of wines, pianos, period furniture. Between the two there is a wide range of industries of varying desirability as a basis for open credit.

Nearly all lines of business have at times dull or unprofitable periods, even though general conditions are good and industry as a whole is remuneratively active. It is in such times that the real test of management is afforded, the weaker concerns are weeded out and the fittest, as always, survive. The credit man must, therefore, know in a general way the underlying factors in all lines.

Seeking Information.

This mass of conditions and exceptions may appear mountainous to the busy man in a small bank to whom the loans are only a part, even if an important part, of the day's work. It is,

therefore, increasingly necessary to seek information in the larger financial centres from reserve agents of such size that their own investments have demanded the creation of a separate department for investigation and compilation.

Systematic revision of credit information, at least once a year, by out-of-town bankers who deal direct with the commercial paper broker is essential. Many changes can occur in a credit risk during a twelve month, and because a reserve agent has once bought or checked a name, it does not necessarily follow that it will continue to do so.

Short-Term Notes.

(3) Short-term notes and maturing bonds combine the security of a funded or collateral debt with the indifference to market conditions of commercial paper. Railroad companies frequently employ three-year notes as a means of temporary financing in a market unfavorable to the flotation of long-time bonds. The credit of a few railroads is so high that they issue unsecured promises to pay for this purpose, but more frequently the notes are secured by a pledge of bonds, which are sold at the maturity of the notes to fund the debt. The factors determining the investment value are the strength and credit of the issuing company and the security of the collateral.

Equipment Trusts.

Equipment notes or trust certificates are issued by railroads to buy new rolling stock. They generally approximate eighty per cent. of the purchase price and are secured by a pledge of the equipment as collateral, either by reposing title thereto in the trust company which issues the certificates guaranteed by the railroad company, or by making the trust company trustee of an indenture covering the collateral. These notes are often issued with serial maturities and all of the equipment remains pledged until the last note is paid. Preference is sometimes expressed for the middle maturities in such cases, as the equity is theoretically at its highest point before depreciation. It has been estimated that in the period from 1893 to 1896, when roads having over $60,000,000 of equipment obligations were placed in receivers' hands, no losses were suffered by holders of such equipment notes, even though the issuing companies had in some cases defaulted on their first mortgage bonds. Courts frequently authorize receiver's certificates to meet interest and serial principal payments in order to preserve the use of the rolling stock to the harassed road. No record of a default of any consequence in payment is known to financial authorities.

Industrial Notes.

Manufacturing and industrial concerns have also found the short-term note a desirable means of providing for temporary needs. They are issued in individual cases to purchase stock in allied corporations, for additions and improvements, and to replenish working capital temporarily depleted by unusual conditions.

Purpose of Issue.

The original financing of some industrials was by a preferred stock issue and the provision that the real property could not be mortgaged without the consent of a fixed percentage of the shareholders. Under such conditions it is often easier to issue short-term debentures than to go through the legal processes incidental to obtaining such assents.

The same expediency also prompts concerns with valuable unencumbered plants to finance their immediate wants with debentures rather than to create a mortgage indebtedness with the attendant formalities. Something of the same security is afforded by providing against the creation of a real estate lien during the life of the notes.

The desirability of industrial offerings as conservative investments is largely a matter of the individual judgment of the credit risk. Analysis of

corporation statements and investigation of business methods are quite as necessary as in the purchase of commercial paper.

Maturing Bonds.

For almost absolute security, maturing underlying bonds of the larger railroad systems are without an equal. With six to ten months to run, they furnish the best of investments for deposits having a specified tenure coincident with the maturity of the bond. The high degree of safety, of course, tends to a low yield.

Market Conditions.

In buying short-term securities it should be remembered that the market is not always active, and it may be necessary to carry them to maturity in order to realize the purchase price. On the other hand, changes in quotations are, as a rule, only fractional, as, owing to the short time the securities run, a small change in price has a large effect on the yield.

Bonds.

(4) In the selection of bonds, the three characteristics generally considered, mentioned in the order of their importance, are: Security of principal and income; marketability; yield.

Bonds are classified in four general divisions according to the business of the issuing corporations, namely: Municipals, railroads, industrials, public utilities.

Municipals.

The most important element in municipal bonds is their legality. State laws erect so many statutory barriers against the over-issue of such securities that when these restrictions are observed, the safety of the principal is almost assured. The offering broker will furnish a certified copy of the legal opinion and the standing of the firm signing it can be ascertained through a correspondent bank. As a general rule, the importance attached to meeting promptly municipal obligations is in inverse proportion to the distance from financial centres. This sometimes accounts for the delay in payment of maturing bonds or coupons of small cities or towns in the West and Southwest. There are certain classes of improvement, assessment and drainage bonds, which, on the surface, appear to be obligations of the community, but in reality are liens on abutting real estate ahead of mortgages and having about the same claim as unpaid taxes. Oftentimes the process of recovery in case of default is costly, lengthy and laborious. This increased risk is the cause of the relatively large return.

The availability of municipals as security for public deposits and in some States as a reserve, or as investments for trustees and savings banks broadens their market and consequently increases their desirability, but reduces the yield. Except in the case of the States and larger cities, the market is not active and such bonds are not quickly salable.

Rails.

Conservative bank investments are invariably seasoned securities, that is, bonds issued against old established concerns which have stood the test of several succeeding cycles of depression and prosperity. Good railroad bonds have come to be looked upon as the highest type of such securities. A successful investor once said that his invariable rule in buying railroad bonds was "to get down close to the rails." No better maxim could be given to the cautious buyer. It is no longer practicable to buy many first-mortgage bonds of the older railroad systems, but it is increasingly necessary to avoid investment in issues so far junior as to bear invariably the brunt of possible reorganization. The average bond buyer would not take a mortgage on a property in his vicinity unless his equity was from forty per cent. to sixty per cent. A railroad bond is merely a mortgage split up in small pieces, and it demands equally cautious scrutiny. The stockholders, with full

voice in the management, should have the heavier risk in the investment, leaving an ample protection for the creditors.

Open Mortgages.

A legitimate method of providing for future financial needs is to authorize at the annual meeting an issue of bonds in excess of immediate requirements and to place the unused bonds in escrow under strict limitations as to the purposes for and amounts in which they can be issued. This is technically called an "open mortgage." Like many other practices, the open mortgage is susceptible to improper uses. When the issue of treasury bonds is restricted to new construction at a fixed percentage of cost, expenses may be charged to improvements and bonds released against the total; when the escrow provision relates to excess of earnings over charges the same method increases the net income and, consequently, the extent to which bonds may be issued. In common with all credit propositions, it comes back to a consideration of the character of the management.

Income.

The security of pripcipal is also affected by the margin of income over fixed charges. This is a corollary to the previous statement regarding the bondholders' equity. A heavy burden of interest imposed by excessive bonded indebtedness is oftentimes a severe drawback to successful operation. Wide fluctuations in earnings are not encouraging to conservative investment, particularly on "one commodity" lines, that is, roads dependent on a single industry for prosperity.

Marketability.

Next to security of principal, marketability is the characteristic which should distinguish the majority of a bank's bond holdings if they are to be, in fact and in name, quick assets. Even listing on a large stock exchange is not always a guarantee of quick sales. If listed securities have been bought for their intrinsic worth, it will generally be found that they are in sufficient demand to be readily absorbed when offered a little below the market. High-grade bonds are the last to feel price depression and generally the first to recover. The prime importance of ready salability is usually brought home in times of stress, when securities must be quickly turned or offered as collateral to loans.

The Danger of High Yield.

High rate of yield is a desideratum in a business conducted on such a narrow margin of profit as banking. Money, however, commands a price which is ascertainable, and a security offered on a six per cent. basis in a five per cent. market generally lacks some essential element of a conservative investment. The additional income is in the nature of insurance for the purchaser against the increased risk and is always a warning to the conservative. The dollar should never be held so close to the eye that it obscures the sun.

Industrials.

Industrial bonds representing long-term obligations of manufacturing concerns are usually considered less desirable than railroad securities for investment purposes. This is probably because most businesses of this character are susceptible to rather violent fluctuations of prosperity and depression arising from both general and specific causes, and the extent to which many concerns are dependent on the life, energy and ability of a few men or even a single man. Values fluctuate with changing management and shifting conditions of trade. The attitude of the Government toward industrial corporations of magnitude also has its influence on this class of security.

Public Utility Securities.

Public utility bonds are issued by corporations supplying light, heat, power, water and electric rail-

way transportation and telephone and telegraphic facilities. The commodities furnished or services performed are generally numbered among the refinements of a comparatively recent period, but most of these achievements have now become positive economic necessities. At first such business was in the hands of local investors and business men, but a succeeding era of combination developed the possibility of economies of maintenance and operation, and the holding company has become an important factor. By the ownership of stock it controls underlying companies, supervises their management, develops and broadens their field, buys their supplies and collects the increased dividends resulting from enhanced earnings. The more important holding companies are in the hands of competent financiers who understand the profit in borrowing money, and public utility securities are, therefore, assuming a more important position in the market. There are regularly quoted on the New York Exchange some 117 bonds issued by about seventy-four such companies.

Gas and Electric Bonds.

At the present time gas and electric properties are developing rapidly in the holding company idea. Since 1902 the aggregate gross earnings of such properties in all of the large cities outside of New York have shown a steady increase, whereas railroads and industrial earnings have risen and fallen with changing financial and business conditions. Total net earnings of the gas and electric companies analyzed have shown an increase of eighty per cent. for the eight years from 1902 to 1910.

Water.

The weakest element has been the tendency to capitalize anticipated economies by pumping new consolidations full of water. In the flotation of original companies a bond issue generally represented the investment, although the stock steadily acquired a measure of value if a portion of the earnings was permitted to accumulate as surplus or was put into the extension or improvements of the property. If a consolidation was then formed of local companies, collateral bonds or secured notes could be issued for the underlying stocks, a preferred issue offered to provide working capital and common issued as a bonus or for promoters' fees. After a period of operation under such an organization, the control might pass to a larger holding company investing in a number of plants in widely scattered communities to avoid possible depressions arising from local conditions. With a further collateral bond issue secured by common stock of the acquired properties and junior to preferred stock and collateral bonds of the first holding companies and mortgage bonds of the underlying companies representing the original investment, the ultimate investor is a long way from the "rails."

Management.

In the hands of conservative and capable engineering firms of large capital and strong affiliations, with ample resources to command the best talent in mechanics and finance, gas and electric light securities should possess intrinsic worth and consistent earning power. Under less able management they are in many cases highly speculative and lacking the essential elements of conservative investments.

Water Bonds.

The business of supplying water for domestic purposes to municipalities is coming more and more into the hands where it seems to belong properly—the local government—so that the volume of securities issued on such propositions should tend to decrease. There is also always present the element of the possible competition of municipal plants. In analyzing the statement of a water company, one of the difficulties is to fix a fair value on the franchise.

Franchises and Public Favor.

The investment value of securities issued by a corporation dependent on the favor of the public or the privileges it grants rests in a large measure on the terms of the franchise and the company's attitude toward the people. Terminating franchises should run well beyond the life of bonds; burdensome restrictions which may affect earnings should be guarded against, and a management unpopular with patrons should be avoided.

Electric Railways.

Electric railways' investments are the nearest approach to the bonds of steam roads. The history of railroads is often one of construction, development, expansion, exploitation and reorganization with the profit to the ultimate rather than the pioneer investor. Whether electric tractions must eventually pass through these various stages is impossible to foresee, but judging by some examples, history may be reasonably expected to repeat itself. Some companies have passed from weak to stronger hands and their securities have begun to season. This is particularly true of underlying securities of systems located in the larger cities.

The Market.

The investor's demand for higher returns has also tended to make a market for high-grade public utilities so that in many cases they have not fluctuated as widely as railroad bonds. Much still depends on the character of the banking-house which brings out a security, on the care with which the preliminary investigations were made, the supervision of the management exercised while acting as bankers for the company, and the command of sufficient ready capital to meet possible emergencies or temporary financial needs.

The Fisher Plan to Standardize the Dollar

By John Raymond Cummings

KINDLY allow me space for some suggestions in regard to Professor Irving Fisher's proposal to "standardize the dollar." Instead of coining a token money from gold let us simply re-define a dollar as "such quantity of gold as shall, at any time, be equal in value"—to the unit to be adopted. If this be done and we quit coining gold and instead issue "in exchange for gold at the market price at the time of exchange" legal-tender gold certificates "redeemable in gold at the market price at the time of redemption," we shall have a money convertible into gold but independent of gold's fluctuations. It would simply amount to keeping gold nominally attached to our money system out of deference to those who think it should have a gold basis.

This plan is easy and practicable, and will make a comparatively stable currency. Under it anybody who wanted gold for export or the arts could get it, and there would not be any interference with foreign commerce that need worry us. It could be only such as would be attributable to the continued use by other countries of a fluctuating money. The trouble of changing our money values to their equivalents in gold would be no more than the trouble of changing dollars to pounds and pence or to other foreign standards. If, as is supposed, gold is falling in value, our prices would cease to advance and would ultimately be on a lower level, but this would only mean that we had adopted a superior money and had thus got rid of a difficulty other countries

were still coping with—falling money value and rising prices; the equivalent of falling wages except as workers from time to time recover their loss by negotiation or by coercive action.

This plan is the same in principle as Professor Fisher's, but it is safer in method for the reason that if we continue to coin gold and its value continues to fall,* we may reach a point where the temptation to the counterfeiter will be a grave danger; all the greater because there will be so large a margin on a single coin. This danger would be all the more likely to confront us if all nations should adopt the plan, for even if as much gold were kept tied up for money purposes, it would be such an object lesson as would demonstrate the folly of using gold for money and probably would cause a marked fall of value.

I elaborated this system fifteen years ago, but it is not a perfect system because it is not wholly automatic, though it would give us a better money than any in use to-day or that ever was in use.

If a large number of business men are desirous of inaugurating the plan they need not wait for Congressional action. It can be adopted independently of the laws of the United States; not wholly without inconvenience, but without insuperable obstacles. I quote from the paper referred to:

"The system proposed would work perfectly with our present forms of money without any change of coinage or issuance, if Congress would simply define a dollar to be 'the money equivalent' of the value proposed. It would work just as well with the so-called fiat money as with gold and silver, and any increase in the volume of fiat money could injure only the holders of previous issues. It could not injure those holding promises to pay nor those having money obligations to meet, as all such obligations would be for the money equivalents of so many units of value and not for a given number of money units.

"It is also worthy of note that the system could be inaugurated independently of government by the association of large numbers of business men, among whom it would be agreed that a dollar is the money equivalent of the unit of value.*

"They would have an official quotation furnished to all members as often as might be desirable and all obligations would be paid among them the same as proposed for all the people if the system became law. Such association of men would grow so that all concerns within the organization would be looked upon with favor by everybody. They could deal more equitably with their employees, and would soon be able to snap their fingers at Congress and Wall Street; and when legitimate business has invented and adopted methods that make it independent of legislators, legislators will legalize the methods and thus remove even the inconveniences of circumventing shallow laws that hamper instead of helping business."

Even this money is not perfect. The perfect money is wholly automatic in issue and in cancellation, and when the perfect system is inaugurated Congress and the Secretary of the Treasury will have nothing to say or do about it. The demands of trade will regulate it absolutely and perfectly.

Farm Mortgage Loans

DISCUSSION about the rates farmers are paying on mortgage loans promises to lead to action that may be helpful. In Minnesota, Hon. Kelsey S. Chase, Bank Superintendent, has addressed circulars to the State banks inquiring how much each bank has invested in farm mortgages; and also if it would be possible, in the event that all Minnesota State banks agree to lower rates of interest paid on time certificates of deposit, to lend on farm mortgages at lower rates.

* To avoid confusion it would be well to adopt the word "unit" instead of "dollar," meaning thereby the standardized dollar.

Method of Handling Loans and Discounts as Used by the Continental Bank and Trust Company, Shreveport, La.

By T. C. Padon, Note Teller.

THE system used by this institution in handling its loans and discounts has been found satisfactory in every way, effecting a great saving of time and labor.

We use a vertical filing case for our notes, filing them alphabetically, and before the opening of the bank each day the notes which fall due on that day are picked out and placed behind all the other notes in their respective compartments, which enables the note teller readily to place his hands on them without having to run through a batch of notes to find the desired one, thus facilitating the handling of the paper, and a quick disposal of the customers at the window.

The renewals or new notes received during the day's business are placed, temporarily, in a small box on the note teller's desk until about 2 p. m., when the notes are tagged and balanced, it being done at this hour so that the money and cash items received during the day can be turned into the paying teller, in order to facilitate the work of the tellers and bookkeepers in handling their day's business. Any paper received after that hour and prior to the close of the bank is considered the same as the following day's business.

№ 18880 *Amount,* $ 1,000.00

Maturity May 22, 1913 *Interest,* $ 20.00

Endorser John Jones & Co. *Total,* $ 1,020.00

Maker Mr. Jas. Smith,
1014 Texas Street,
C i t y.

Fig. 1.

At 2 o'clock, or shortly prior thereto, the loan and discount teller takes the notes received during the day from the temporary box on his desk and tags them, the tag and notice card being made at the same operation, the card and tag being so arranged that in writing the tag (Fig. 1) which is on top, the amount, maturity, etc., are also written in their proper places on the notice card by the use of carbon paper. In doing this a white notice card (Fig. 2) is used for customers in the city, and a buff or yellow card is used

☞ PLEASE BE PROMPT
NO DAYS OF GRACE. Don't Forget the Time and Place

CONTINENTAL BANK & TRUST CO.
SHREVEPORT, LA.

We hold your Note for	- - -	$	1,000.00
Which will be due May 22, 1913	*Interest,*	$	20.00
Endorsed by John Jones & Coll	*Total,*	$	1,020L00

Mr. Jas. Smith,
1014 Texas Street,
City.

SPECIAL NOTICE.—This note is due on the within date, and NOT the next day or the next week, and your credit and standing with this Bank depends largely on the promptness with which you take care of your obligations; we will not stand for past due paper.

FIG. 2.

for customers out-of-town, thus enabling one to distinguish at a glance the out-of-town notices from the city notices—this being done on account of sending the notices of maturity to out-of-town customers several days before sending the notices to city customers, our custom being to notify city customers four or five days before maturity and out-of-town customers eight or ten days before maturity.

After being written, the tag, which is gummed and perforated on the left end, is then attached to the note (Fig. 3), and the notes are then ready for balancing, and are balanced from the tags, thus giving a double check against the possibility of error by placing the wrong amount on the tags. The perforation on the end of the tag is for the purpose of easily removing the tag from the note when it is paid or renewed, the tag being stamped paid or renewed, as the case may be (Figs. 4 and 5) and filed for reference.

The notes are then recorded in a numerical register, after which they are posted in the liability ledger and entered under the date of their respective maturities in the tickler or daily reminder. They are then filed in the note case in their respective alphabetical compartments.

The cards, which are made at the

$ 1000⁰⁰ SHREVEPORT, LA. May 1 – 1913

June 10th after date we, the signers, endorsers, sureties, and all of us, in solido, promise to pay to the order of THE CONTINENTAL BANK & TRUST COMPANY, at their banking house in Shreveport, Louisiana, the sum of

One Thousand DOLLARS

for value received, with interest thereon, at the rate of eight per cent per annum from maturity until paid.

This note is secured by pledge and delivery of the securities mentioned on the reverse hereof. Should said securities DECLINE IN VALUE, the maker of this note hereby agrees, within twenty-four hours from demand on him to that effect made by the holder of this note, to furnish and pledge ADDITIONAL SECURITIES, satisfactory to the holder of this note, to cover such decline. And the failure or refusal by the maker to furnish such additional securities when so called for, shall AT ONCE MATURE this note and pledge.

Should this note not BE PAID AT MATURITY, or when it BECOMES DUE by failure to furnish additional securities as above provided, or for any other reason, the then holder thereof is hereby authorized TO SELL the pledged securities, at Public or Private Sale, without recourse to Judicial Proceedings, and is hereby irrevocably authorized to transfer any shares of stock, or other securities on the books of the company issuing same to purchaser under such Public or Private sale. The proceeds of the said pledged securities shall be applied (1) to the payment of all costs and commissions for selling; (2) to the payment of this note in principal and interest and the ten per cent. attorney's fees, below stipulated, and (3) to the payment of any other indebtedness, then due or thereafter to become due, by the maker of this note to the said CONTINENTAL BANK & TRUST COMPANY up to the sum of $100,000. The holder of this note shall have the right to purchase the pleded securities at their market value, if there is any market value, or at any judicial or auction sale thereof. Should this note not be paid at maturity or when due as above, or should it becomes necessary to employ an attorney to make or enforce the same, or should this note be placed in the hands of an attorney for collection, the maker shall pay the fees for such attorney, which are fixed at 10 per cent. on the amount then due on this note, which attorney's fees are secured by this pledge. At the maturity of this note, or when otherwise due, as above provided, any money on deposit or otherwise to the credit of the maker on the books of said CONTINENTAL BANK & TRUST COMPANY, shall at once stand applied to the payment of this note, unless it be otherwise paid. The drawers and endorsers severally waive presentation for payment, protest and notice of protest, and non-payment of this note.

DUE 6/10 Alexander Thompson

FIG. 3.

No. 18892 *Amount,* $ ~~800.00~~

Maturity April 1, 1913 *Interest,* $

Endorser Geo. W. Evans *Total,* $

Maker Mr. E. J. Bailey,

City.

CONTINENTAL BANK & TRUST COMPANY
PAID
APR 1 1913
NOTE
TELLER
SHREVEPORT, LA.

Fig. 4.

$800.00 SHREVEPORT, LA. Mar 2 1913

Thirty (30) days after date we, the signers, endorsers, sureties, and all of us, in solido, promise to pay to the order of THE CONTINENTAL BANK & TRUST COMPANY, at their banking house in Shreveport, Louisiana, the sum of

Eight Hundred DOLLARS

for value received, with interest thereon, at the rate of eight per cent per annum from maturity until paid.

This note is secured by pledge and delivery of the securities mentioned on the reverse hereof [illegible] said securities DECLINE IN VALUE, the maker of this note hereby agrees, within twenty-four hours from demand on him to that effect ma[illegible] holder [illegible] note, to furnish and pledge ADDITIONAL SECURITIES, satisfactory to the holder of this note, to cover such decline. And [illegible] maker to furnish such additional securities when so called for, shall AT ONCE MATURE this note and pledge.

Should this note not BE PAID AT MATURITY, or when it BECOMES DUE by failure to [illegible] additional securities [illegible] above provided, or for any other reason, the then holder thereof is hereby authorized TO SELL the pledged securities, [illegible] Public or Private [illegible] without recourse to Judicial Proceedings, and is hereby irrevocably authorized to transfer any shares of stock, or other securit[illegible] the books of the company issuing same to purchaser under such Public or Private sale. The proceeds of the said pledged securities shall be applied (1) to the payment of all costs and commissions for selling; (2) to the payment of this note in principal and interest and the ten per cent. attorney's fees, bel[illegible] stipulated [illegible]) to the payment of any other indebtedness, then due or thereafter to become due, by the maker of this note to the said CONTIN[illegible]TAL B[illegible] TRUST COMPANY up to the sum of $100,000. The holder of this note shall have the right to purchase the pleded securities at their market value, if there is any market value, or at any judicial or auction sale thereof. Should this note not be paid at maturity or when due as above, [illegible] should it becomes necessary to employ an attorney to make or enforce the same, or should this note be placed in the hands of an attorney for collection [illegible] maker shall [illegible] the fees for such attorney, which are fixed at 10 per cent. on the amount then due on this note, which attorney's fees are secure[illegible] the maturity of this note, or when otherwise due, as above provided, any money on deposit or otherwise to the credit of the maker [illegible] said CONTINENTAL BANK & TRUST COMPANY, shall at once stand applied to the payment of this note, unless it be otherwise paid. The [illegible] and endorsers severally waive presentation for payment, protest and notice of protest, and non-payment of this note.

CONTINENTAL BANK & TRUST COMPANY
PAID
APR 1 1913
NOTE
TELLER
SHREVEPORT, LA.

DUE 4/1 E J Bailey

Fig. 4a.

same time as the tags, are now placed in a vertical file-box according to the month and date of their maturity, the white cards being placed in the front of the compartment and the yellow or buff cards in the back, thus separating the out-of-town notices from the city notices, so that in notifying the makers of notes due on, say the 21st instant, we would, about eight to ten days before that date, simply turn to that date in the notice-box and take out the yellow or buff cards, check them back against the tickler or maturity book, place them in the open-face or outlook envelopes and they are ready to mail, doing likewise with the cards four or five days before that date, which we find to be quite a saving of time and labor in that it obviates the necessity of writing the notice cards or addressing the envelopes for them.

This also gives a double check against entering the note under the wrong maturity, as in taking a batch of notice cards from the box and checking them against the maturity book, should there be a card short we know there is a note entered under that date that should be entered elsewhere; or

Nº 18891 *Amount,* $ 1,500.00

Maturity May 2, 1913 *Interest,* $

Endorser --Collateral-- *Total,* $

Maker Mr. Albert Simpson,

St. Louis, Mo

RENEWED
MAY -2 1913

Fig 5.

$1500.00 SHREVEPORT, LA. Mar 3 1913

Sixty (60) days after date we, the signers, endorsers, sureties, and all of us, in solido, promise to pay to the order of THE CONTINENTAL BANK & TRUST COMPANY, at their banking house in Shreveport, Louisiana, the sum of

Fifteen hundred ºº/ₓₓ DOLLARS

for value received, with interest thereon, at the rate of eight per cent per annum from maturity until paid.

This note is secured by pledge and delivery of the securities mentioned on the reverse hereof. Should said securities [illegible] IN VALUE, the maker of this note hereby agrees, within twenty-four hours from demand on him to that effect made by the [illegible] furnish and pledge ADDITIONAL SECURITIES, satisfactory to the holder of this note, to cover such decline. And the failure or [illegible] to furnish such additional securities when so called for, shall AT ONCE MATURE this note and pledge.

Should this note not BE PAID AT MATURITY, or when it BECOMES DUE by failure to furnish additional securities as above provided, or for any other reason, the then holder thereof is hereby authorized TO SELL the pledged securities, at Public or [illegible] Sale, without [illegible] to Judicial Proceedings, and is hereby irrevocably authorized to transfer any shares of stock, or other securities on the books of the [illegible] same to purchaser under such Public or Private sale. The proceeds of the said pledged securities shall be applied (1) to the payment of [illegible] and commissions for selling; (2) to the payment of this note in principal and interest and the ten per cent. attorney's fees, below stipulated, and (3) to the payment [illegible] any other indebtedness, then due or thereafter to become due, by the maker of this note to the said CONTINENTAL BANK & TRUST [illegible] to the sum of $100,000. The holder of this note shall have the right to purchase the pleded securities at their market value [illegible] value, or at any judicial or auction sale thereof. Should this note not be paid at maturity or when due as above, or should it [illegible] to employ an attorney to make or enforce the same, or should this note be placed in the hands of an attorney for collection, the maker shall [illegible] attorney, which are fixed at 10 per cent. on the amount then due on this note, which attorney's fees are secured by this pledge. At the maturity of this note, or when otherwise due, as above provided, any money on deposit or otherwise to the credit of the maker on the [illegible] of said CONTINENTAL BANK & TRUST COMPANY, shall at once stand applied to the payment of this note, unless it be otherwise paid. The drawers and endorsers severally waive presentation for payment, protest and notice of protest, and non-payment of this note.

RENEWED
MAY -2 1913

DUE 5/2 Albert Simpson

Fig. 5a.

should there be a card over we know there should be a note entered under that date which is not there, and a short search will disclose the error. This also gives us a check against the notice cards after they are mailed out, as by placing the address of the maker on the tag, which is necessary in order to have the same on the notice card, we can always refer to the tag and see just how the notice was addressed, the address on the card serving as the address for the open-face or outlook envelope.

At the close of the day's business the paper which has not been attended to promptly on that day is taken from the note case and placed in a small clip which is always before us, serving as a constant reminder of past-due paper, and enables us to keep after the delinquents until the paper is taken care of.

Of course, the arrangement of the cards and tags could be changed to suit the ideas of anyone using them, the principle only remaining the same, and it is believed that this system is one which could be used by a bank of any size with a saving of considerable time and extra work in notifying, at the same time giving a double check against possible errors in recording notes. Should any of your readers desire further information regarding this system I shall be pleased to supply them with a full explanation and sample sets of the cards, etc.

Judging an Industrial Bond

By Oscar Newfang.

THE bonds of private corporations are usually divided into three classes—railroad, public service and industrial. Owing to the fact that the two former classes of corporations furnish transportation or other services, while the industrial corporation deals in merchandise, the standards for judging the safety of the first two classes vary greatly from those which measure the degree of risk in an industrial bond.

As in any other investment, the objects to be attained by an investment in industrial bonds are, in the order of their importance, the safety of the principal, regularity of income and amount of yield.

The safety of the principal depends primarily upon the margin in the value of the property pledged over the amount of the bond issue; or, as it is usually called, upon the equity. Among conservative lenders upon bond or mortgage, it is customary to expect a minimum pledge of property worth about twice the amount of the bond issue, although choice properties may safely be bonded up to sixty per cent. or sixty-five per cent. of their value. The prospective purchaser of a bond should, therefore, first ascertain the total amount of the issue which he contemplates buying, and should know upon what property it is a lien and the value of that property, which (as stated) should be at least twice the amount of the bond issue. If there are prior liens upon the property, they must be deducted before the ratio of property value to the bond issue is determined; but in such a case the investor in a junior issue takes the additional risk of a second mortgage holder; that is, the prior lien must first be satisfied in full before he will obtain anything whatever.

The second requirement of the bond buyer, regularity of income, depends mainly upon the margin of net earnings above interest requirements. The fluctuations of income in an industrial corporation are apt to be wider than in a railroad or public service company, and the careful investor demands a minimum average income for a period of years of at least twice the interest charges on his bond issue. He also prefers the bonds of companies that provide a safe surplus account to those of companies that pay out in dividends the entire or nearly the entire earnings above interest charges.

In making a bond investment it is well to remember that over a long period of years the regularity of income is greater for a staple industry than for a luxury. It must also be noted that certain industries, such as coal or other mining, lumbering, etc., exhaust their resources by the very nature of their operations, and such properties are rarely desirable as bases for bond issues. Other industries depend, more or less, upon artificial conditions, such as tariffs, etc., for their prosperity, and the regularity of their earnings is for that reason less certain than that of industries which rest wholly upon natural conditions of trade. The bonds of the former are, therefore, not so safe an investment as those of the latter class.

In determining the net earnings available for the interest charge of a bond issue, the policy of the corporation in charging off an adequate amount of its gross profits for depreciation of its plant is a very important factor. If this is not done, a company may show a handsome margin of earnings above fixed charges, and may pay most of the amount to stockholders as dividends, but when the bonds mature it will be found that the plant has depreciated so greatly that its value

is much less than the amount of the bond issue. The proper percentage to charge to depreciation, of course, varies in different industries; but the best practice seems to be to make an annual charge of ten per cent. against machinery and five per cent. against real estate. A well-managed corporation ought to appropriate to the upkeep of its plant a part of its earnings sufficiently large to maintain the plant in full efficiency; or, better, still, to improve its productiveness. In order to judge an industrial bond intelligently, both the amount charged to depreciation and the amount of replacements and improvements should be known. Otherwise it is difficult for an investor to know that the property is properly maintained.

The last of the principal financial factors determining the regularity of income on an industrial bond is the amount of working capital possessed by the corporation. It is a generally accepted principle that the safe operation of an industry demands a quick or circulating capital twice as large as the company's current or floating indebtedness. To operate with a much narrower margin endangers the solvency of the corporation in times of financial stress, and thus adds an element of uncertainty to the corporation's continued operation and the continuous payment of its interest charges. The working capital should be large enough to operate the plant to full capacity and as a rule the larger the ratio of circulating capital (that is, capital which is being turned over at a profit) to the plant (that is, capital which is diminishing by depreciation) the stronger the corporation may be regarded and the more desirable its bonds will be as an investment.

The provisions for a sinking fund made in a bond issue must, of course, also be taken into account in judging the bond, as must also the ability, the conservatism and the character of the company's management.

Teach the Children Thrift

By Frank C. Mortimer, Cashier First National Bank, Berkeley, Cal.

ONE of the most glaring defects of our present educational system considered as a means of preparation for life's work is the lack of any general and systematic training in the practice of thrift. For a people as practical as we are the omission of any such provision is significant. It points to the fact that our boundless natural resources and the countless opportunities for making money have lulled us into a false security. The future seemed so assured it appeared hardly worth while to stint ourselves in the present.

Experience teaches that success in life depends not so much on the ability to make money as on the ability to save it. But in educating our children we seem to go upon the assumption that the very reverse of this is true. Or do we go upon the assumption that children who have spent the most impressionable part of their lives in careless disregard of thrift will suddenly, and, as it were, overnight, become frugal and provident? If so, we are making a grave mistake.

Thrift does not come at our beck and call, nor can it be slipped on or off like an old coat. It is established by practice rather than by theory, by example rather than by precept.

Thrift to become a fixed habit must be practiced with regularity and be

given opportunity for exercise over an appreciable length of time. And unless it becomes fixed as a habit it is of comparatively little value. Spasmodic saving followed by spasmodic extravagance makes for ruin as surely as does habitual improvidence.

Make Thrift Fashionable.

Great as is the value of thrift from the point of view of economics, yet its value is not limited wholly to that field. The training afforded by its practice calls for the exercise of qualities that are predominantly moral in their character. Thrift means self-control. It means self-mastery. It means that we must learn to forego immediate pleasure for the sake of some more distant good.

We should make thrift fashionable once more and restore this normal attribute of respectable independence to its rightful place in the esteem of our world of society as well as business.

It is the custom to teach children to read and write and to direct their minds in approved channels of higher education to prepare them for life's work. These things are essential, but by no means do they complete a child's education.

In the polytechnic drills to which certain classes are subjected, the scope has not been sufficiently widened to take into consideration the technique required for saving the income resulting from the making of articles of more or less usefulness that are turned out from these industrial schools.

What does it profit a man to be master of seven languages or jack of half a dozen trades, if he lose all his substance through extravagant habits that might have been checked or eliminated altogether?

We teach children control of their minds and bodies—their tempers and desires. Why not teach them control of their income and their pocketbook? This would give the child an object lesson in economic management. It would impress on the youthful intellect the value of money, its earning capacity and its relation to the economic life of nations.

Now, as of old, forethought is shown to be the safest and best guide for human well-being.

It is not always possible to train the parents to new habits, but "as the twig is bent the tree will be inclined," and the inculcation of the genuine principles of thrift will certainly be of lasting benefit to the rising generation.

With a systematic teaching of thrift, we would find that the young men and women graduated from our schools would be, not dependent, but dependable men and women, who would be made into sterling citizens with full cognizance of the value of money and its earning power.

A Text-Book on Thrift.

The science of thrift ought to be taught in every school, in every city and every country-side.

We should place in the hands of every teacher and pupil a new text-book, the keynote of which should be thrift.

This book should contain graded lessons in the important subject of which it treats. It should explain to the child of tender years that small sums of money given him or earned by him every week, amount to several dollars at the end of the primary year. Larger amounts with more practical examples should be applied to the older scholars.

This text-book on thrift should be reinforced with talks by teachers and parents on thrift and financial independence. The book should show concrete examples of how money grows. It should prove to the scholar that money has an earning power, just as an individual has, only in a different way.

Instead of being on the dry-as-dust order, these lessons in thrift should be most delightfully entertaining and attractive. If they are not made so, the fault will lie with the method of teaching—not with the subject to be taught.

The production of such a text-book might well be given prompt attention by educators.

A step in the right direction has been

taken in Massachusetts where the Legislature has recently passed a law, now operative, entitled "An Act to provide for compulsory instruction of thrift in the public schools."

PRODUCTIVE OF HIGHER CITIZENSHIP.

The prevailing spirit of social unrest engendered in modern, mental and physical conditions and which appears to be gaining marked headway, could be partially moderated if the earning power of money was better understood by all classes.

Our children and our children's children should be taught that what they earn and save is theirs, and that what their money earns is theirs. Their thoughts should be diverted from the channel which contemplates the acquirement of wealth in many other ways.

When these things are taught them they will approach manhood and womanhood as active, energetic, useful citizens with capital of their own.

Having learned its value and its earning power they will have learned at the same time to be respecters of property, property rights and government.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Negotiable Instruments Law

TRANSFER WITHOUT INDORSEMENT—RIGHTS OF TRANSFEREE.

Supreme Court of Tennessee, Jan. 28, 1913.

LANDIS VS. WHITE BROS.

Where a promissory note is transferred without indorsement, the transferee holds the same subject to any defense which would have been good against the transferror.

THIS suit was brought by the complainant to recover on three promissory notes executed by White Bros. in favor of the Western Manufacturing Company of Minneapolis, and claimed to have been transferred in due course of trade by that company to the complainant, Landis.

The notes were given in payment for certain jewelry bought by the defendants of the Western Manufacturing Company. This jewelry was sold under a guaranty that it was rolled gold plate, and would last a certain length of time, and otherwise prove satisfactory to defendants' trade. It turned out to be worthless, and the defendants could not handle it at all. They made complaint to the Western Manufacturing Company, but that concern refused to make any adjustment of matters, and notified defendants that the notes had been transferred to a broker in Minneapolis. Suit was brought by this broker, the complainant, Landis, and he was given a decree against the defendants by the chancellor. The Court of Civil Appeals reversed this decree and dismissed the bill.

The latter court based its decree on the fact that the notes sued on by Landis appeared to have been transferred to him without any indorsement by the Western Manufacturing Company.

GREEN, *J.* (Omitting part of the opinion)—[1] Section 49 of the Negotiable Instruments Law, chapter 94 of the Acts of 1899, provided: "Where the holder of an instrument payable to his order transfers it for value

without indorsing it, the transfer vests in the transferee such title as the transferror had therein, and the transferee acquires, in addition, the right to have the indorsement of the transferror. But for the purpose of determining whether the transferee is a holder in due course, the negotiation takes effect as of the time when the indorsement is actually made."

The Court of Civil Appeals properly found from the record in this case that the consideration for which the notes were given had failed, and that defendants could successfully have resisted payment thereof in a suit brought by the Western Manufacturing Company itself. Under the statute just quoted, where the notes were transferred without indorsement, the transferee, the complainant here, stood in the same attitude in which the transferror would have stood, had the suit been brought by the latter.

A defense, good against the transferror, is likewise good against a transferee without indorsement. Complainant was therefore not entitled to any recovery. Marling vs. Fitzgerald, 138 Wis. 93. Manufacturers' Commercial Co. vs. Blitz, 131 App. Div. 17.

Promissory Note

HOLDER IN DUE COURSE—DEFAULT IN PAYMENT OF INTEREST.

Supreme Court of Oklahoma, Jan. 7, 1913.

MCPHERRIN VS. LITTLE ET AL.

A negotiable promissory note is not dishonored by reason of a failure to pay interest prior to maturity of the principal, in the absence of a stipulation in the note to that effect; but the fact that interest is due and unpaid is a material circumstance bearing on the question of whether the purchaser acquired the note in good faith and without notice of prior equities or infirmities in the title.

THIS was an action upon a promissory note made to the order of G. L. Clark and A. F. Hennessy, and by them indorsed and delivered to the plaintiff for a valuable consideration. The makers defended upon the ground that their signatures to the note had been fraudulently obtained by the payees.

SHARP, *C.* (Omitting part of the opinion)—It is insisted by counsel for defendant in error, in his brief, that at the time of plaintiff's purchase of the note it had already been dishonored, and that therefore plaintiff could not be classed as an innocent purchaser for value before maturity, without notice. The note was dated October 15, 1908, and matured November 1, 1909. It bore interest from date at the rate of 8 per cent. per annum, and which interest was made payable annually. The interest, therefore, on the note was due October 15, 1909, or 16 days before the note matured. The plaintiff testified that he purchased the note of a former indorsee on October 27, 1909, which would be 12 days after the interest was due. Is the fact that interest is overdue and unpaid, of itself, sufficient to affect the purchaser of a negotiable note with notice that the instrument is dishonored? There are decisions so holding, among which are the following: First Nat. Bank of St. Paul vs. County Commissioners, 14 Minn. 77 (Gil. 59); Hart vs. Stickney, 41 Wis. 630; Newell vs. Gregg, 51 Barb. (N. Y.) 263; First Nat. Bank vs. Forsyth, 67 Minn. 257; Chouteau vs. Allen, 70 Mo. 290, 339; Merchants' Nat. Bank vs. Brisch, 154 Mo. App. 631; Citizens' Savings Bank vs. Couse, 68 Misc. Rep. 153.

In the Forsyth case the rule announced in the earlier case of First Nat. Bank vs. Scott County, 14 Minn. 77 (Gil. 59), 100 Am. Dec. 194, was seriously questioned by the court; but it was said that, having stood unchallenged for 27 years, it would not be disturbed, upon the ground, if no other, of stare decisis. In Kelley vs. Whitney, 45 Wis. 110, the Supreme Court of Wisconsin, referring to the earlier case of Hart vs. Stickney, observed that when the case of Hart vs. Stickney was decided attention had not been called to the earlier case of Boss vs. Hewitt, 15 Wis. 260, where a directly opposite conclusion was reached.

Referring to the conflict in the opinions of the court, and the occasion thereof, it was said: "And, as the earlier case of Boss vs. Hewitt was entirely overlooked, which, by implication, is sustained by many decisions of this court, made in the farm mortgage cases, and in cases arising upon town, county and city bonds, we deem it our duty to adhere to the rule that a purchaser for value of unmatured commercial paper, with interest overdue, is not from that fact alone affected with notice of the prior equities or infirmities in the title." The better rule, and the one supported by the text writers and the weight of authority, is that a note is not overdue by reason of a failure to pay interest prior to the maturity of the principal, in the absence of a stipulation to that effect, because the interest is a mere incident to the debt. Tiedeman on Commercial Paper, § 109; 1 Daniel on Negotiable Instruments (4th Ed.) § 787; Gilbough vs. Norfolk & P. R. Co., 1 Hughes, 410, Fed. Cas. No. 5,419; Preble vs. Board of Supervisors, 8 Biss. 358, Fed. Cas. No. 11,380; State vs. Cobb, 64 Ala. 127; Morton et al. vs. New Orleans, etc., Ry. Co., 79 Ala. 590; National Bank of North America vs. Kirby, 108 Mass. 497; McLane vs. Placeville & S. V. Ry. Co., 66 Cal. 606; Cooper vs. Hocking Valley Bank, 21 Ind. App. 358; Cooper vs. Merchants, etc., Nat. Bank, 25 Ind. App. 341; Patterson vs. Wright, 64 Wis. 289; United States Nat. Bank vs. Floss, 38 Or. 68; Town of Ontario vs. Hill, 33 Hun (N. Y), 250, affirmed 99 N. Y. 324; Cromwell vs. County of Sac, 96 U. S. 51; Indiana & Illinois Central Ry. Co. vs. Sprague, 103 U. S. 756; Town of Thompson vs. Perrine, 103 U. S. 806; Morgan vs. United States, 113 U. S. 476.

Many of the authorities cited are reviewed by Somerville, J., in Morton et al. vs. New Orleans, etc., Ry. Co., supra, where the conclusion was reached that negotiable bonds not due, with attached coupons past due and unpaid, did not thereby appear dishonored on their face; but the presence of such unpaid coupons was considered a material circumstance bearing on the question of whether the purchaser acquired them in good faith and without notice. But while the non-payment of interest when due will not be given the effect contended for, it is a fact proper to be considered by the jury, in connection with all the other facts and circumstances, on the question whether plaintiff is entitled to the position of one who has taken in good faith and without notice of existing defenses. Kelley vs. Whitney, 45 Wis. 110, 30 Am. Rep. 697; Nat. Bank of North America vs. Kirby, 108 Mass. 497. As already noted, the question for determination is one of bad faith on the part of plaintiff, if defendants are to escape liability. To that end proof that interest on the note was past due and unpaid when purchased, and all other facts and circumstances connected with plaintiff's acquiring title to said note, would be competent evidence to go to the jury under proper instruction from the court.

The cause should be reversed and remanded, with instructions to grant plaintiff a new trial, and for further proceedings consistent with this opinion.

Check

ACCEPTANCE BY TELEGRAPH— LIABILITY OF BANK.

Supreme Court of Texas, Jan. 22, 1913.

ELLIOTT VS. FIRST STATE BANK OF FT. STOCKTON.

Bank A telegraphed Bank B: "Will you pay check D. S. Elliott $1,890.00? Rush answer"; to which Bank B replied, "D. T. Elliott has deposited with us $1,790.00 to pay check drawn by D. S. Elliott favor of O. H. Kilpatrick," *Held*, that this was equivalent to an acceptance, and rendered Bank B liable for the payment of the check.

THIS was a suit by the First State Bank of Ft. Stockton against D. S. Elliott, as the drawer, and O. H. Kilpatrick, as the indorser, of a check drawn by Elliott in Kilpatrick's favor on July 11, 1908, for the sum of $1,790 on the City National Bank of Corpus

Christi, which on the same day was cashed by the plaintiff for Kilpatrick, the payment of which was refused by the City National Bank of Corpus Christi on presentation. The check was given by Elliott to Kilpatrick in completion of a land purchase. Prior to its date, Elliott's father had deposited to Elliott's credit in the City National Bank of Corpus Christi the sum of $1,890 for his use in paying Kilpatrick for the land, and to enable him to make the purchase, under such circumstances as to make it a special deposit for that purpose.

In closing the land transaction at Ft. Stockton, Elliott first gave Kilpatrick a check for $1,890, which Kilpatrick requested the plaintiff to cash. Its cashier declined to cash the check, unless in some way assured that it was good, but offered to take it for collection. A discussion of the matter resulted in the plaintiff sending the Corpus Christi bank the following telegram: "Fort Stockton, Texas, July 10, 1908. City National Bank, Corpus Christi, Texas. Will you pay check D. S. Elliott, $1,890.00? Rush answer. [Signed] First State Bank." It received the following telegram in reply: "Corpus Christi, Tex. 7/11/08. First State Bank, Ft. Stockton, Texas. D. T. Elliott has deposited with us $1,790.00 to pay check drawn by D. S. Elliott favor of O. H. Kilpatrick. [Signed] City National Bank."

Thereupon D. S. Elliott gave to Kilpatrick two checks upon the Corpus Christi bank, one for $100, which was paid on presentation and is not in issue; the other being the check in suit, for $1,790, which, as stated, was cashed for Kilpatrick by the plaintiff. Payment of the check was refused by the bank because of its having been served with a garnishment writ, on July 11, 1908, in a suit instituted in Nueces county, wherein Dan A. Leary and Al Chastain were plaintiffs, and Kilpatrick, W. W. Sands, and P. H. Chilton were defendants. The check was subsequently protested.

Judgment below was entered against both Elliott and Kilpatrick.

PHILLIPS, *J.* (Omitting part of the opinion)—[1, 2] It is provided by article 1203, Revised Statutes of 1895, as follows: "The acceptor of any bill of exchange, or any other principal obligor in any contract, may be sued either alone or jointly with any other party who may be liable thereon; but no judgment shall be rendered against such other party not primarily liable on such bill or other contract, unless judgment shall have been previously, or shall be at the same time, rendered against such acceptor or other principal obligor, except where the plaintiff may discontinue his suit against such principal obligor as hereinafter provided."

If the telegram of the City National Bank of Corpus Christi to the plaintiff was equivalent to an acceptance of the check, so as to make it primarily liable for the amount, under the statute the judgment against Elliott was erroneously rendered, as it does not appear that any judgment upon the check had ever been rendered against the bank, and the pleading of the plaintiff failed to allege any of the reasons that would excuse suit against the bank under the provisions of article 1204.

The rule as to what is necessary to constitute an acceptance by the drawee of a bill of exchange or a check is thus declared in 1 Daniel on Negotiable Instruments, § 504a: "In the absence of statutory provision, any words used by the drawee to the drawer or holder, which by reasonable intendment signify that he honors the bill, will amount to such acceptance, though it would be different if the words were addressed to a stranger having no interest in the bill."

In Bigelow on Estoppel, 522, the rule is thus stated: "Any language, it has indeed been said, whether verbal or written, employed by an officer of a banking institution whose duty it is to know the financial standing and credit of its customers, representing that a check drawn upon it is good and will be paid, estops the bank thereafter, as against a bona fide holder of the check, from denying the want of funds to pay the same."

As the writing of the word "good" by a bank officer, accompanied by his signature, across the face of the instrument ordinarily operates even as a certification of a check (2 Daniel, Neg. Inst. § 1606; 1 Morse, Banks and Banking, § 406), we think it must be held that a bank's written communication, upon inquiry, that it holds a deposit to pay a check of a particular description to be drawn upon it is equivalent to a statement that a check of such description is good and will be honored, and amounts to an acceptance where the person to whom the communication is addressed is thereby induced to discount the check. If it be not regarded as a technical acceptance, such a communication, at all events, amounts practically to a letter of credit against a check of such description; and one who, for value, takes the check upon the faith of it is entitled to enforce the liability that it imports as a promise to pay the check. Whidden vs. M. & P. Natl. Bank, 64 Ala. 1.

The deposit here was made with the bank, not as a general deposit, but as a special one for the purpose only of paying Elliott's check to Kilpatrick, in this specific transaction. Because, doubtless, of its recognition that such was its character and purpose, the bank, in replying to the telegram of the plaintiff, refrained from making answer in the terms of that telegram, and therefore declined to say that it would pay any check drawn by Elliott for such amount. But in saying, as it did in its reply, that it held on deposit $1,790 "to pay check drawn by D. S. Elliott favor of O. H. Kilpatrick" it must have intended for the plaintiff to understand that it would honor such a check. The check was good, in fact, because of the special nature of the deposit. But it was in fact good only because the bank held the money specifically dedicated to its payment. The bank's statement, therefore, that it held the deposit that made it good was clearly equal to a representation that it was good; and it must have known that its reply was subject only to the interpretation that the check would be honored on presentation.

Because the City National Bank of Corpus Christi became primarily liable for the payment of the check, and Elliott was liable only secondarily, and no judgment had been rendered against the bank, the judgments of the Court of Civil Appeals and the district court should be reversed and the cause remanded. Mullaly vs. Ivory (Civ. App.) 80 S. W. 259. It is so ordered.

Forgery[1]

FORGED INDORSEMENT—LIABILITY OF BANK.

Supreme Court of Washington, Jan. 18, 1913.

GOODFELLOW VS. FIRST NATIONAL BANK

P applied to a loan broker for a loan, representing that he was the agent of B, and obtained such loan by producing a note and mortgage to which B's name was forged. The broker drew checks for the amount of the loan to the order of B, and delivered them to P: *Held*, that payment of the checks by the bank to P on B's forged indorsement was not justified on the theory that P was the payee intended.

Where a person obtained a loan, representing that he was the agent of another, and received checks for the amount of the loan to the order of his principal, the drawer of the check did not vouch to the bank for such alleged agent's authority to indorse the name of the payee thereon.

It is the duty of a bank on which a check is drawn payable to a certain person or order, to ascertain the identity of the person therein named as payee; and payment to any other person is justified only where the bank has been misled by the negligence or other fault of the drawer.

IN this case one Peeples falsely represented to one H. A. Goodfellow that Martha B. Barnes and her husband wished a loan upon real estate owned by them in Seattle. Peeples submitted a mortgage and note purporting to have been made by Mr. and Mrs. Barnes and obtained from Goodfellow a check to the order of Martha B. Barnes. This check having been paid by the drawee bank upon a forged indorsement, Goodfellow brought this action against the bank to recover the amount.

MAIN, *J.* (Omitting part of the opinion)—The next question presented on this appeal is whether or not the checks in question were paid on the indorsement of the payee, which was intended by the drawer. In other words, did H. A. Goodfellow intend, when he delivered the checks to Peeples, that Peeples, or any person other than Martha B. Barnes, should indorse her name thereon? The appellant contends that he did, and supports this contention by the citation of the following authorities: Emporia National Bank vs. Shotwell, 35 Kan. 360; Maloney vs. Clark, 6 Kan. 82; Robertson vs. Coleman, 141 Mass. 231; United States vs. Exchange Ntl. Bank (C. C.) 45 Fed. 163; Jamieson & McFarland vs. Heim, 43 Wash. 153. These are all cases where the payee of the check or bill was an impostor, assuming the name of some other person for the purpose of deception, imposition and fraud. The impostor assumed to be, and by such assumption induced the drawer of the check or bill to believe that he was in fact, the person he claimed to be. The check or bill in each case was drawn payable to such impostor, and was intended by the drawer to be indorsed and cashed by him. The principle by which all of these cases are controlled is that, where the drawer of a check or bill makes it payable to a person who represents himself to be another, and delivers it to him, he thereby endows such impostor with authority to indorse and cash the check.

But this principle is not applicable in the instant case. Here the check was made payable to the order of an existing person, in whose name the title to the property covered by the mortgage stood, and it was delivered to Peeples as the agent of Mrs. Barnes. In such a case the drawer does not vouch for the right of the agent, or any other unauthorized person, to indorse the name of the payee upon the check. The law imposes upon the bank, on which a check is drawn payable to a certain person or order, the duty of ascertaining the identity of the person therein named as payee; and it is only when the bank has been misled by some act of negligence or other fault of the drawer that it will be justified in making payment of the check to any other than the person named therein as payee. We know of no authority against this proposition.

Check

STOPPING PAYMENT—DEFENSE OF BANK.

Supreme Court of Minnesota, Dec. 6, 1912.

TAYLOR VS. FIRST NATIONAL BANK OF MINNEAPOLIS.

In a suit brought by the payee of a check drawn on ample funds on deposit, the bank answered that before the check was presented for payment the drawer notified the bank that the check was without consideration and was obtained by fraud, and directed the bank not to pay the same, and that during all the time that the drawer had funds on deposit, and long prior thereto, the custom and usage prevailed among the banks and their depositors in the city and State where all the parties were that before a check is presented for payment the drawer has the right to revoke the authority of the bank to pay the same. *Held*, to state a good defense.*

THIS was an action brought by Sam Taylor against the First National Bank of Minneapolis to recover the amount of a check which the bank had refused to pay at the direction of the drawer.

HOLT, *J.*—The complaint alleges and the answer admits the execution and delivery of the check, its indorsement and presentment for payment by plaintiff, and the refusal of the defendant bank to pay, although it had sufficient funds of the drawer on deposit with which to pay. The answer, by way of defense, alleges that the drawer of the check, before plaintiff presented the same to the bank for payment, ordered payment stopped, and

*In those States where the Negotiable Instruments Law has been adopted a bank incurs no risk in refusing to pay an uncertified or unaccepted check; for that Act provides that "a check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder unless and until it accepts or certifies the check." (N. Y. Act. Sec. 325.)

directed defendant not to pay the same, on the ground that plaintiff obtained it from the drawer by fraud and without consideration. It is also averred that at the time the check was drawn, and for a long time prior thereto, a custom and usage prevailed between the banks and their depositors throughout the State that a bank withhold and refuse payment of a check drawn for a part of the amount on deposit, whenever the drawer thereof notified the bank so to do prior to the presentation of the check for payment.

This court, in Wasgatt vs. First Nat. Bank, 117 Minn. 9, held that a check is a pro tanto assignment of the funds of the drawer on deposit with the drawee bank, so that, if the bank refuses payment when it has sufficient funds of the drawer on deposit, the payee may maintain an action against the bank upon the check. Plaintiff insists that it necessarily follows that the drawer cannot stop payment, or revoke the authority of the bank to pay; for, as far as he is concerned, the money belongs to the payee. We do not think the decisions of this court point to the conclusion contended for by appellant, nor do those of any other court committed to the doctrine that a check is an assignment pro tanto of a depositor's funds, unless it be that of Illinois.

We are now speaking of a check in the hands of the payee, and not of one that has in due course of business been transferred to a bona fide holder for value. It is manifest that the execution and delivery of a check to the payee does not, of itself, transfer the amount of the deposit, represented by the check to the payee, so that, without more, the bank holds the funds for the payee. Therefore, the courts which have adopted the rule that a check is a pro tanto assignment of the drawer's funds also recognize the fact that the assignment does not become fully consummated until the check is presented for payment. Before that is done the depositor may in various ways make nugatory the tentative assignment made by the check against the funds on deposit. For instance, he may go to the bank before the check drawn by him is presented and withdraw the whole deposit, or he may have exhausted the same by subsequent checks presented and paid before the one upon which the right to hold the bank is sought.

In the decision in Wasgatt vs. Bank, supra, it is clearly intimated that between the execution of a check and its presentment for payment occurrences may intervene to prevent the consummation of the assignment.

This is in line with the language of the court in Northern Trust Co. vs. Rogers, 60 Minn. 208, wherein the status of the bank with relation to a checkholder is thus stated: "Before a demand for payment no assign exists, no obligation has been created, no privity has grown up, and the very right of the bank to pay may be taken away by any one of a great number of occurrences; that the act of presentment and demand before any of these occurrences has taken place, is that which creates at once, by the usage of the obligation, the privity, and the appropriation, or at least the right to claim an appropriation." In the well-considered case of Raesser vs. Nat. Exchange Bank, 112 Wis. 591, by a court which, prior to the enactment of the uniform negotiable instrument law, adopted and adhered to the same rule as this court in the Wasgatt case, supra, it is said that, if a bank is notified by the drawer of a check not to pay because the payee therein procured it without consideration or by fraud, the bank pays at its peril. In Weiand's Adm'r vs. State Nat. Bank, 112 Ky. 310, the court concludes that there "is no good reason why, as between the immediate parties to the check, where innocent parties are not affected, the drawer may not revoke or countermand" a check. And neither do we see any good reason for either a rule of business or law which will throw the risk upon a depositary or bailee holding a fund under a contract or obligation with the depositor alone to determine at his peril who is entitled to part thereof after notice from the depositor that the

instrument by which another claims the right to such part is for some reason invalid.

Nor can it be said that by the decisions in this State, or by deductions therefrom, it is settled law that the drawer of a check may not, before the same is presented for payment, revoke the bank's authority to pay; hence there is nothing to prevent the business custom and usage pleaded in the answer from controlling the disposition of the case. The general custom and usage, according to which a business, as, for instance, that of banking, is carried on in a State, becomes in the nature of a law pertaining thereto, so that parties may be said to contract with reference to it. Clarke vs. Hall & Dusey Lumber Co., 41 Minn. 105.

Mr. Justice Mitchell, in Northern Trust Co. vs. Rogers supra, with regard to the matters here involved, suggests "that this entire question is one which should be determined more upon considerations of business usages and business policy than of mere theoretical knowledge." Applying the rule indicated, the solution is clear; for the answer alleges that the custom and usage prevails between all banks in the State, including the city wherein is defendant's bank, and their depositors, that before a check is presented for payment the drawer has the right to stop payment thereof. Since a depositor of a bank may at any time, by drawing out his whole deposit, prevent payment of a check previously drawn by him, so that no claim whatever could be made by the payee against the drawee bank, we apprehend no inconvenience or injustice will result from a recognition by the court of the business usage pleaded in the answer and admitted by the demurrer. The practice and usage pleaded becomes part of the legal contract or obligation between the depositor and the bank under which the funds deposited are to be paid out, so that the checks drawn against the deposit necessarily become subject thereto, at least so long as such checks remain in the hands of the payees.

The defendant asks us to go further, and determine that a depositor may stop payment of a check after it has passed into the hands of a bona fide innocent holder. We deem it inexpedient to discuss or determine that question on this appeal, for it is not involved in the demurrer.

Notice

OFFICER BUYING PAPER FROM BANK—WHEN NOT HOLDER IN DUE COURSE.

Supreme Court of North Dakota, Jan. 29, 1913.

MCCARTY VS. KAPRETA.

A bank president and director, and as such a managing officer of the institution, cannot be heard to claim that he had no notice of any infirmity in the instrument negotiated to him by his own bank, but that instead the knowledge imparted to him as such officer of want of consideration for the instrument prevents him from being a holder in due course.

In this case the plaintiff claimed to be the holder in due course of a promissory note made by the defendant to the Farmers & Merchants State Bank of Knox. The defence was that the note was given without consideration, and the question was whether the president of the bank, to whom the note had been sold by the cashier acting for the bank, could enforce the note regardless of any defence which the maker had as against the bank.

GOSS, *J.* (Omitting part of the opinion)—The decisive question is whether plaintiff, by his purchase without actual notice of infirmity of the instrument, but under his relationship to the payee in the note, can be a holder in due course under our negotiable instruments law (section 6354).

A holder in due course is by this section defined to be "a holder who has taken the instrument under the following conditions: (1) That it is complete and legal upon its face. (2) That he became the holder of it before it was overdue and without notice that it had been previously dishonored, if such was the fact. (3) That he took it in good faith and for value. (4) That at the time it was negotiated to him he had no notice of any infirmity

in the instrument or defect in the title of the person negotiating it."

As to the first three of these subdivisions, granting the purchase for value and in good faith, no question arises. It is on the fourth subdivision, as to notice to the bank who negotiated it to him of the infirmity of the instrument, construed with section 6358, defining notice of infirmity, that the questions for solution arise. Section 6358 defines notice of infirmity in negotiable instruments, necessary to defeat recovery and render a purchaser not a holder in due course, by the following provision: "To constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of such facts that his action in taking the instrument amounted to bad faith."

Is it necessary that this director and president of the defrauding institution shall have had "actual knowledge of the infirmity or knowledge of such facts that this action in taking the instrument amounted to bad faith," or otherwise be held to be a holder in due course and as such be entitled to recover when the bank could not? Does plaintiff's relationship to the bank, as a director and president of it, charge him with presumed notice of the fraudulent character of the paper he claims to hold as a holder in good faith, so as to defeat such claim and his recovery; or on the contrary, does section 6358, defining notice of infirmity and therein requiring actual knowledge of the infirmity to defeat recovery, exclude all cases of imputed or presumed notice, and declare the only rule governing in all transactions and under all circumstances, regardless of relationship of the parties, and permit plaintiff to buy in good faith fraudulent paper of the bank of which he is president and director, and yet stand in a court in identically the same position, with the same burden of proof resting upon the maker after such facts established as before, and the same in all respects as though an undisputed stranger to the bank and actual good-faith purchaser for value and holder in due course had purchased the paper instead of this plaintiff?

This latter is plaintiff's claim, on the strength of which he recovered judgment below as a holder in due course on the negotiable instrument in question.

Our negotiable instruments act unquestionably declares the law on all matters covered by it and in all instances wherein it applies. It was enacted as a part of a nation-wide movement to secure uniformity of law concerning negotiable instruments and liabilities arising therefrom. About thirty of the States have an act identical with our negotiable instruments act, codifying the law merchant in such States. But the act necessarily must be construed with statutory provisions or general laws regulating the relationship of the parties. See Schlesinger vs. Lehmaier, 191 N. Y. 69, where the sections here under consideration were held to be applied subject to the state banking law and to be construed therewith where that applies; also Crawford on Neg. Inst. Act, 72. And here the law governing notice imputed or presumed as between the payee and the president and director of this bank as indorsee of its paper must be considered with the statute as to negotiable instruments. The statute defines negotiable instruments, and also defines the rights of this holder governed by the negotiable instruments act, unless the law governing relations of bank and bank president prevent plaintiff from being a holder in due course under the act.

* * * * *

Under plaintiff's contention, granting plaintiff a holder in due course, he would recover of this defendant, while as a bank official he might be personally responsible in law to defendant for his own negligence in failing to know that the bank was obtaining accommodation on fraudulent paper of defendant and indorsing it to its president that he might recover as a good-faith holder in due course for value.

In the one case his negligence in failing to know the facts and prevent the fraud would render plaintiff personally

liable, while at the same time he would be in a position to recover as a good-faith purchaser because of his negligent failure to know the facts on which his liability for negligence arose.

If we permit plaintiff as an individual to assert that he does not know what he as a bank official must in law have known, we must approve and declare possible the above inconsistent and ridiculous, but nevertheless logical, result of holding section 6358 applicable and requiring actual knowledge of infirmity in the instrument necessary to defeat recovery by a bank president purchasing the bank's accommodation paper. For the mere purpose of uniformity in the law concerning negotiable instruments, it was never intended that its provisions requiring actual notice of the infirmity in the instrument should apply to cases such as this, to the modification or exclusion of the rules of law well established and governing the liability of directors and heads of banking corporations to the bank or its creditors.

Usury

NATIONAL BANK—GEORGIA STATUTE—SURETY.

Court of Appeals of Georgia, March 1, 1913.

REESE VS. COLQUIT NATIONAL BANK.

State statutes relating to usury, and prescribing penalties for the charging, reserving, or taking of usury, have no application to negotiable instruments held by national banks. The penalty fixed by United States Revised Statutes, Sec. 5198 (U. S. Comp. St. 1901, p. 3493), against national banks for "the taking, receiving, reserving, or charging" of usury, and the remedy given by the act of Congress against national banks for taking usurious interest, are exclusive. First National Bank vs. Davis, 135 Ga. 687, 691, 70 S. E. 246, 36 L. R. A. (N. S.) 134; Bowles, National Bank Act Annotated (4th Ed.) 234. See, also, many cases cited in support of the above rule in 56 L. R. A. 674.

The rule announced in the foregoing headnote is applicable in all cases where a negotiable instrument infected with usury is made payable to such a bank originally, or where it has been discounted by such a bank, and the bank, as holder, is endeavoring to collect the face thereof with knowledge of the usurious interest. Farmers' & Merchants' National Bank of Buffalo vs. Dearing, 91 U. S. 29, 23 L. Ed. 196.

A surety or guarantor of a debt to a national bank is not discharged from liability on the note because the bank charged or received usuary. Oates vs. Nat. Bank, 100 U. S. 239, 25 L. Ed. 580; 2 Brown, Nat. Bank Cases, 35.

A surety, who signs a negotiable note, either payable to a national bank, or held by a national bank as indorsee, containing a waiver of homestead and exemption, which is secretly tainted with usury, of which fact he had no knowledge at the time of his signing, is not discharged from liability thereon by the exaction of usury, as his risk has not been increased, since the Georgia statute, declaring a waiver of homestead and exemption to be void when it is a part of a usurious contract, cannot be applied when the creditor taking or charging the usury is a national bank. First Nat. Bank vs. McEntire, 112 Ga. 232, 87 S. E. 381.

The suit in the present case is by a national bank, as bona fide holder before maturity and for value of the promissory note sued on, against the principal maker and surety. A plea by the latter that the note contained a waiver of homestead and exemption, which was rendered void by the fact that the note was secretly tainted with usury, of which fact he had no knowledge at the time of signing the note as surety, and that thereby his risk as surety was increased, and he was discharged from liability thereon, constituted no defense; and, there being no other plea or answer relied upon, a verdict and judgment in favor of the plaintiff must be affirmed.

THE facts and the points decided are stated in the official syllabus given above.

Deposit

RECEIPT OF WHEN BANK INSOLVENT—WHEN AMOUNTS TO FRAUD—TRUST FUND.

United States Circuit Court of Appeals, Sixth Circuit, Jan. 7, 1913.

BRENNAN VS. TILLINGHAST

When a bank, which is hopelessly insolvent, receives a deposit with knowleage that it cannot pay its debts and must fail, the depositor may rescind for fraud and reclaim the deposit or its proceeds.

A, being indebted to a bank which was insolvent for money borrowed deposited with it a thousand dollars with the understanding that this amount should be used

in payment of his note at maturity: *Held*, that such deposit was taken by the bank as quasi security for the payment of its debt, and hence the receipt of the deposit notwithstanding the bank's insolvency was not fraudulent.

Before Warrington and Knappen Circuit Judges, and Sanford, District Judge.

THIS suit was brought by John Brennan against the First National bank of Ironwood, Mich., and Philip Tillinghast, its receiver, to recover among other things the sum of $1,000 deposited by him with the bank a short time before it was placed in the hands of the receiver.

SANFORD, *District Judge* (Omitting part of the opinion)—The court below correctly held that the amount of the $1,000 deposit was not a preferred claim, but that as to this sum Brennan was a general creditor of the Ironwood Bank, to be paid by the receiver the same percentage of dividends that had been and should be paid to other general creditors.

It is true that where a bank, being hopelessly insolvent, receives a deposit, with the knowledge that it cannot pay its debts and must fail in business, this is such a fraud upon the depositor that he may rescind the contract of deposit and reclaim the amount so deposited or its proceeds, if traced into the assets of the bank coming into the hands of the receiver, in like manner as other trust funds. St. Louis Ry. Co. vs. Johnston, 133 U. S. 566, 576; Standard Oil Co. vs. Hawkins (C. C. A. 7) 74 Fed. 395, 398; City Bank vs. Blackmore, 75 Fed. 771, 773; Richardson vs. Coffee Co. (C. C. A. 5) 102 Fed. 785, 789, 43 C. C. A. 583; Hutchinson vs. Le Roy (C. C. A. 1) 113 Fed. 202, 209, 51 C. C. A. 159.

However ,the mere fact that the bank is known to be insolvent at the time the deposit is received is not in our opinion sufficient of itself, without more, to confer this right of rescission upon the depositor, and such right of rescission would not arise when the bank at the time of receiving the deposit, although embarrassed and insolvent, yet had reason to believe that by continuing in business it might retrieve its fortunes; the necessary condition upon which the right of rescission is predicated being that the deposit was received when the bank was hopelessly embarrassed and so circumstanced as to constitute its receipt of the deposit a fraud upon the depositor. See St. Louis Ry. Co. vs. Johnston, supra, at pages 576, 577.

In the present case it merely appears that the bank was insolvent at the time this deposit was received, and had been known to be insolvent for ten years previously by the cashier who received the deposit. The extent of its insolvency at that time is not shown, nor is there any evidence as to what subsequent events precipitated the condition which caused its doors to close, or whether or not at the time the deposit was received the bank, although embarrassed and insolvent, yet had reasonable hopes that by continuing in business it might retrieve its fortunes, just as it had previously continued in business for the ten preceding years during which it had been insolvent. In the light of this meagre evidence, we agree in the view expressed by Judge Denison, then district judge, who heard this case below, who said:

"There is no reason to think in this case that the suspension of the bank was any more imminent on April 8th than it had been for a long time, or that the cashier or bank officers anticipated the closing of the bank or had any expectation that complainant would not receive his money when he should ask for it—except their general and vague fear that they might fail to tide over their difficulties. This does not seem to me to raise the necessary trust. Complainant's own showing is that for more than sixty days the deposit would have been repaid on demand, and that it was practically offered to complainant when the note was renewed. For these reasons, I think complainant is not entitled to any preference upon his certificate of deposit, but should prove the same as a general creditor."

And, whatever would have been the

result otherwise, we think it cannot properly be held that the receipt of this particular deposit constituted a fraud upon Brennan within the rule entitling him to follow it as a trust fund, in the light of the undisputed facts, shown by his own testimony that at the time the deposit was made the bank held his $1,000 note for borrowed money, and the deposit was made with the "understanding" that it would be used in payment of this note at maturity. As this deposit was hence, under this evidence, in effect taken by the bank as quasi security for the payment of a just debt due to itself, this circumstance alone, in our opinion, relieves the bank from the imputation of fraud in receiving the deposit, which might otherwise have existed if the deposit had been merely received in the ordinary course of dealings between the bank and a customer not indebted to it.

Usury

NATIONAL BANK—AMOUNT OF PENALTY.

Supreme Court of Tennessee, Feb. 15, 1913.

MEREDITH VS. AMERICAN NAT. BANK OF SPARTA.

The penalty which may be recovered from a national bank exacting usurious interest is twice the amount of the entire interest paid and not twice the sum by which the interest received exceeded the lawful rate.

Where usurious interest has been paid to a national bank it immediately incurs the penalty prescribed by the National Bank Act, and an action to recover the penalty will lie without regard to whether the principal obligation has been paid.

BREEN, *J.*—This suit was brought by the administrator of J. L. Dibrell, deceased, to recover from the defendant, a national bank, the penalty provided by the act of Congress for the taking of usurious interest by a national banking association.

A demurrer to the bill was interposed in the court below, partially sustained, and the bill amended. A subsequent and amended demurrer was filed, and one ground thereof sustained, and the amended bill dismissed. While the record is in some confusion, the questions which are presented to this court appear to be but two.

The chancellor held that complainant was only entitled to recover, if anything, double the excess of the interest charged over the legal rate of interest, and he further held, passing upon the amended demurrer, that complainant was not entitled to any recovery, because the bill failed to show that the debts upon which the usurious interest was exacted had been paid. Complainant excepted to both these rulings, and these are the only questions before us upon this writ of error.

The holding of the chancellor that complainant was entitled to recover only double the excess over the legal rate of interest was based upon the former ruling of this court as announced in Bobo vs. People's National Bank, 92 Tenn. 444, 21 S. W. 888, followed by First National Bank vs. Hunter, 109 Tenn. 91, 70 S. W. 371. Such was the construction of the act of Congress by this court.

[1] Since the decision in Bobo vs. People's National Bank, supra, the Supreme Court of the United States has construed the section of the act of Congress (Rev. Stat. U. S. 5198 [U. S. Comp. St. 1901, p. 3493]) providing for a penalty against national banks exacting usurious interest, and that court has held that twice the amount of the entire interest paid, and not twice the sum by which the interest received exceeded the lawful rate, is the measure of recovery from a national bank under this statute. First National Bank vs. Watt, 184 U. S. 151, 22 Sup. Ct. 457, 46 L. Ed. 475.

The construction of a federal statute, adopted by the Supreme Court of the United States, is binding upon us, and we must over-rule the cases of Bobo vs. People's National Bank and First National Bank vs. Hunter, supra, in so far as they are in conflict with First National Bank vs. Watt, supra.

[2] The chancellor was, therefore, in error, in so limiting the amount of complainant's recovery.

[3] Passing upon defendant's de-

murrer, the chancellor sustained that ground of demurrer to the effect that the bill did not show that complainant's intestate had paid the bank, and for this reason dismissed the bill.

The argument made by the defendant in support of this ground of demurrer is that, if the bank holds obligations against deceased exceeding all the interest paid to it by deceased, the law will apply all payments that have been made, whether intended as interest payments or not, to that portion of the obligation of deceased that is a valid legal charge against his estate.

It is said, even if there had been an intention of purpose on the part of defendant to collect and receive usurious interest, so long as the notes of deceased are unpaid in the bank's hands, there remains a locus pœnitentiæ, and the payments that have been made may be applied to that portion of the obligation that is legal and valid.

Such a result has been reached by some courts in construing usury statutes of the different States, but the act of Congress with reference to national banks is strictly a penalty statute, and no court has held that payment of the debtor's obligation in full is a condition precedent to the bringing of a suit for recovery thereunder.

Speaking on this subject, the Supreme Court of Texas said:

"When, however, the parties, as they did in this case, appropriated and intended to appropriate the payment to usurious interest, the locus pœnitentiæ can no longer exist; for the offense has been consummated, the greater rate of interest has been paid, and the right to the penalty is fixed. The interest contracted for being usurious, the act of Congress declared it all forfeited, and there was no legal claim for interest on which the payments could have been appropriated." Stout vs. Ennis Nat. Bank, 69 Tex. 384, 8 S. W. 808.

The Supreme Court of Iowa observes:

"The usurious transaction must be held to have occurred when the usurious interest sought to be recovered was paid. Where a payment upon the indebtedness has been made under such circumstances that it may fairly be inferred that it was the intention of the debtor to make, and of the creditor to receive, payment upon the interest, we think a right of action must be held to have accrued at once in favor of the debtor for the amount paid and the penalty. We see nothing in the policy of the law which would apply all payments first upon the principal, and postpone the debtor's right of action until he had paid both principal and interest. The debtor needs no such rule for his just protection; and where the fair inference is that the creditor, in receiving the payment, intended by receiving the usurious interest to violate the law, he should not be allowed to escape by insisting upon an application different from what he intended. We think there is nothing in the law that should be held to give the acts of the parties a different character from that which they bear upon their face." Kinser vs. Farmers' Nat. Bank, 58 Iowa, 728, 13 N. W. 59.

The Supreme Court of Nebraska says:

"We know of nothing in the act of Congress by which any reasonable construction could be held to imply that a party's right of action against a national bank to recover twice the amount of usurious interest paid by the bank for the use of a loan of money made to him by the bank depended on his first paying the principal of the usurious loan, nor have we been cited to or been able to find any decision of any court which so holds." Exeter Nat. Bank vs. Orchard, 43 Neb. 579.

Other cases to the same effect are National Bank vs. Trimble, 40 Ohio St. 629; Lebanon Nat. Bank vs. Karmany, 98 Pa. 65.

The bank incurs the penalty when it exacts the usury. The right of action for the penalty accrues when the usury is paid. Suit under this statute is not postponed until the debt is paid, and a bill is not demurrable for failure to

aver payment of the principal obligation.

The chancellor, therefore, was in error in sustaining this demurrer, and his decree must be reversed, and the cause remanded for further proceedings. The bank will pay the costs of this court.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Director—Defense of Usury by—Estoppel

SPRINGFIELD, ILL., April 3, 1913.

Editor Bankers Magazine:

SIR: Where a director of a national bank borrows money of the bank, can he set up the defense of usury? Does not his position as director preclude him from doing this? CASHIER.

Answer: It has been held that a director of a national bank who has borrowed money from his bank is no more estopped from setting up the illegality, by reason of his position as director, than if he had not been officially connected with the bank. (Bank of Cadiz vs. Slemmons, 34 Ohio St. 361.)

Notary—Certificate of Protest—When Can Be Made

BROOKLYN, N. Y., April 5, 1913.

Editor Bankers Magazine:

SIR: Must a notary make out his certificate of protest on the day he protests the paper, or may he do this afterwards at his convenience? NOTARY.

Answer: The certificate may be made afterwards; and where suit has been brought on the paper, the certificate may be made at any time before the trial, and ante-dated accordingly. (Byles on Bills, 257.) But it is necessary that on the day of the protest the notary make a minute on the paper of the transaction, which is called "noting." It consists of the initials of the notary, the month, the day and the year, and his charges for minuting (Id. p. 59). Of course, where the certificate is made on the day of presentment, no "noting" is necessary; but where the making of the certificate is deferred, the "noting" is indispensable.

Post-Note — Character of — How Different from Ordinary Note

PITTSBURGH, PA., April 5, 1913.

Editor Bankers Magazine:

SIR: The National Bank Act provides that "no national bank shall issue post-notes, or any other notes, to circulate as money, except such as are authorized by the provisions of this title." Will you kindly inform me what is meant by "post-notes?" X. Y. Z.

Answer: A "post-note" is a note issued by a bank or banker payable at a future day, and not on demand. The fact that it is made by a bank or banker is the only point wherein it differs from an ordinary time note.

Note—Conflict Between Written and Printed Parts

............,N. Y., March 28, 1913.

Editor Bankers Magazine:

SIR: A makes a note on one of our blank forms, which has printed in it the words "at the First Nat. Bank of ...." so as to make the note payable here. He omits to strike out these words, but writes at the bottom, "payable at my office, No. .... Street." Where should the note be presented for payment? ASSISTANT CASHIER.

Answer: The Negotiable Instruments Law provides that "where there

is a conflict between the written and printed provisions of the instrument, the written provisions prevail." (New York Act, Sec. 36.) The note in this case, therefore, should be presented at the office of the maker, and not at the bank.

Note—Words "Value Received"—Effect of

Elmira, N. Y., April 1, 1913.

Editor Bankers Magazine:

Sir: I notice that the blank forms of promissory notes furnished by the stationers all contain the words "value received." Please inform me whether these words are necessary to make the note valid.

Bank Clerk.

Answer: No. The Negotiable Instruments Law provides that "the validity and negotiable character of an instrument are not affected by the fact * * that [it] does not specify the value given, or that any value has been given therefor." (N. Y. Act, Sec. 25.) Nor is this rule a new one; it is merely an enactment of the rule which existed by the law merchant. In Daniel on Negotiable Instruments it is said: "The words 'value received' are almost invariably expressed in bills of exchange and promissory notes, and they were at one time thought essential, by the custom of merchants to impart negotiability to the instrument. But it is now well settled that they only express what the law itself implies from the execution of the paper."

Hon. W. G. McAdoo

THE NEW SECRETARY OF THE TREASURY

Mr. McAdoo is of Southern birth, but for many years has resided in New York, where he practiced law. He built the Hudson tunnels connecting New York and New Jersey, showing in this enterprise great financial genius.

Relation of the Trust Department to the Real Estate Man

Address by James C. Cunningham, Vice-President and Manager Union Trust and Savings Bank, Spokane, Washington; Delivered before the Spokane Realty Board

THE trust company is peculiarly an American production. Its development and progress represent the growth and enterprise of the country. It is not a Federal but a State institution, its powers and privileges being derived from the Commonwealth in which it is located, except in the District of Columbia, where it is created by special act of Congress.

The trust company and the bank are fundamentally different institutions. The trust company is a necessity in every business community, and it possesses many advantages over the national and State bank. It is more admirably adapted and it is better qualified to supply the varying demands of the financial public in general and the real estate man in particular than is any other financial institution.

The functions of the modern trust company are so broad and varied as to comprehend almost every known branch of legitimate and conservative finance. For the facilitating and expediting of its rapidly growing business, it has created and maintains several separate and distinct departments, some of the principal of which are as follows: Banking department, bond department, safe deposit department and trust and loan department. The latter is usually divided into several separate and distinct branches, and comprehends various duties under which the company acts as trustee of corporate mortgages and bond issues, as executor, administrator, trustee, assignee and receiver, guardian, escrow holder, financial agent for individuals and corporations, pays taxes for resident and non-resident clients, acts as registrar and transfer agent, depository under plans of reorganization, and is a purchaser of real estate mortgages, and is also a legally authorized depositary for the funds of the city, county, State and postal savings of the United States, as well as the depositary for the funds of any court of record within the State of Washington.

It is concerning the relation of the "trust department" to the real estate man that I am to speak to you briefly.

It must be obvious to anyone who considers the functions performed by this department that its relations must necessarily be intimately and closely related to the real estate man. The trust department is prepared to serve the real estate man very acceptably as trustee for tracts of real estate purchased by him for the purpose of subdivision into smaller tracts and lots and later to be sold for cash or on long-term contracts. In this transaction the business is often very much facilitated by deeding the property in trust to the trust company, with an agreement that the trust company, through its trust department, will make the collections on the deferred payments on the contracts and disburse the same; pay the taxes, advance funds, pay off mortgages and other encumbrances if any; make deeds, releases and other acquittances as directed by the real estate man and thereby relieve him of the details of such transactions.

The trust department of the trust company is also found to be of great service to the real estate man as an escrow holder, administrator, executor

and some times as receiver where property becomes involved either on account of litigation or lack of funds.

Again the trust department is of great service to the real estate man after he has platted and sold out a tract of land and is obliged to absent himself for an indefinite period of time. He assigns his contracts for collection to the trust company with specific instructions as to collection and disbursements of the funds. He is thereby relieved of any further trouble or anxiety concerning the matter and is entirely free to remain away as long as he wishes, with the assurance that all matters pertaining to the transaction will be attended to strictly in accordance with his written instructions.

The real estate man is always vitally interested in the industrial development of the community in which he resides, for the reason that the business of real estate is so intimately associated with, and practically dependent upon, the commercial activity of the community. In this connection the trust department is again able to coöperate and assist in acting as trustee under a legitimate bond issue and in effecting the sale of the bonds.

All of us have in mind, and are familiar with many cases, where enterprises have been made possible only through the assistance of the trust and loan department of the trust company. As an example, the splendid project now being built adjoining this building, the Davenport Hotel, was assisted very largely through the medium of the trust company. In fact, as a financing medium, the trust company, in my judgment, outranks the private banker or a syndicate of bankers, because it brings together in a carefully organized manner the essential elements of conservative and adequate financing.

Concerning the matter of the trust company acting as trustee, there is an old saying that the corporation cannot act as trustee, because it has no soul, but this old theory has long since been exploded, and it is now recognized that the trust company, although a corporation, is composed of individuals with souls to save and physical bodies to kick, and is a much more faithful servant than the individual.

I have told you briefly of some of the things which a trust company does; there are some things which it does not do. It is never away from home; it is never absent during business hours; it is never sick nor incapacitated; it never absconds, and it has never yet lost a dollar of trust funds committed to its care and safe keeping. The trust company is financially responsible.

The trust companies of the United States number over eighteen hundred, with resources aggregating five billion, besides which they control in some trust capacity or other, thirty-five billions of dollars. This is one-fourth of the aggregate estimated wealth of the United States, and more than the combined banking power of all the banks, national and State, which is reported by the Comptroller of the Currency as amounting to twenty-one billions. This growth has been achieved very largely during the past twenty-five or thirty years. Is not the record an enviable one?

In conclusion, I desire to assure the members of the Spokane Realty Board the hearty coöperation of the trust companies of this city.

Practical Banking Contributions Wanted

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in THE BANKERS MAGAZINE.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods. systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

Hon. Robert L. Owen

CHAIRMAN BANKING AND CURRENCY COMMITTEE, UNITED STATES SENATE

Hon. Robert L. Owen has been made chairman of the newly established Senate Committee on Banking and Currency. This committee will have charge of matters relating to bank and currency reform, banking affairs and finance generally which have heretofore been handled by the Finance Committee, the latter confining itself hereafter to matters relating to the tariff. With Senator Owen on the new committee are Gilbert M. Hitchcock, James A. O'Gorman, James A. Reed, Atlee Pomerene, John F. Shafroth, Henry F. Hollis, Knute Nelson, Joseph L. Bristow, Coe I. Crawford, John W. Weeks and George P. McLean.

Types of Bonds

By Francis Theodore Tilton of the Guaranty Trust Co. of New York.

IT is always possible for the individual to obtain a loan secured by lien on his property, provided the security is good and considered ample. If, however, his property was of so great value that he desired to obtain a loan of several millions of dollars, he would find it quite difficult, or even impossible, to locate any one person willing to lend him so large an amount. If, on the other hand, the borrower could find a number of persons who could jointly contribute enough money to equal the amount of the loan, he could divide this total amount into equal parts and each lender could have a proportionate interest as he may desire.

This is the case with large corporations. In the development of their properties on a profitable scale they require immense sums of money. It is as impossible for the corporation as for the individual to obtain so large amounts of money from any one source. So they divide the total amount desired into equal parts, usually of $1,000 each, thus allowing those who wish to participate in the loan to take one or more of the fractional amounts. These fractional parts are called bonds, being instruments binding the borrowing corporations to pay a given sum of money as stated.

Instead of creating separate mortgages to secure each of the holders of these bonds, there is but one mortgage executed, usually in favor of some responsible banking institution, which acts as trustee for the various persons holding interests in the mortgage. In the real estate bond and mortgage there are two separate instruments—the bond and the mortgage—in corporation mortgages, as we have seen, there is but one mortgage securing many bonds. The different parties participating in the indebtedness are given engraved certificates—the bonds—representing their respective interests in the loan and as evidence of the amount due them.

Authorizations.

Mortgages are always authorized for a certain amount, and in the reading on the face of each bond it is definitely stated that that particular bond is one of an authorized issue of a stated amount, all of which are of equal rank and like tenor. When all the total authorized amount of bonds has been issued we speak of the mortgage as being "closed," as no further amount of bonds can be issued thereunder.

It often happens, however, that a corporation does not wish to put out all the bonds of an issue at the one time. It may be that the work of construction for which the mortgage was created will not be completed for five or ten years, and the company does not wish to accumulate a large sum of money for which it has no immediate use and upon which it must pay interest, so it will sell only a portion of the bonds in the beginning—just enough to give it sufficient funds for present requirements. So we speak of this mortgage as being an "open mortgage" more bonds besides those already placed may be subsequently brought out and when issued will be of the same import and rank as those already outstanding.

In order to protect the bond-holders against more bonds being issued than provided for in the mortgage, the trustee is charged with the duty of

keeping a complete record of all bonds issued, the certificates of which must pass through its hands and bear its written certification before they become valid and binding obligations of the company.

As to the trustee of a bond issue, however, it must carefully be borne in mind that it has nothing whatsoever to do with the standing of the bonds as an investment. Many people not versed in the matter often judge the value of an issue by the name of the trustee appearing in the circular. The name of a big banking institution does not in any way guarantee or indicate that the issue is a strong one, nor on the other hand does the name of a small institution signify the opposite. The duties of the trustee are simply to see that the terms of the mortgage or agreement are followed out and its position is an arbitrary and impersonal one, it being, as it were, a central unit of representation from the legal viewpoint for the outstanding bonds.

In the foregoing a bond secured by a mortgage has been referred to. All bonds, however, are not secured by a mortgage on property, some are simply promises to pay. In that case there is no mortgage securing the bonds but a written indenture or agreement—a covenant between the company and the trustee. Whether it is an agreement or a mortgage securing the bonds, however, does not alter the description of a bond as we have outlined it.

How Bonds Are Divided.

Bonds are divided in accord with the character of the security underlying them. It is very simple to understand the nature of a first, second or third mortgage, or a promise to pay, but some of our railroad bonds are of such a complicated character, having in their make-up a complication of every lien imaginable, that they are very difficult to understand. With industrial companies and smaller corporations, the

capitalization may be comparatively simple, but with railroads, starting at first with a small property, adding each year new extensions or absorbing existing lines, building new terminals, all of which require an outlay of new capital, the matter is not quite so simple.

When capital was first required it was clear sailing to create first mortgage bonds and sell them, provided, of course, the property was good. People knew and could appreciate the strength of a first mortgage bond. When the companies, however, wanted additional capital it was natural to consider a second mortgage, and after that a third mortgage. But right here their trouble began. The American people were prejudiced against the terms—second and third mortgage. To be sure, some of these were placed, but the idea was not popular and it was difficult to raise money through the flotation of mortgages bearing such odious titles. From their experience with real estate mortgages they knew how little equity remained for second and third mortgages, owing to the stationary character of the property, and they could not appreciate that placing second and third mortgages on railroads was in reality creating an equal equity by the creation of new property through the proceeds received from the sale of these additional securities.

A Matter of expediency.

The railroads were constantly growing; constantly expanding—and new capital was required and must be raised by the sale of securities. So it was found necessary for the railroads to give their securities names that would not be onerous to the investing public, just as an attractive title is given to a book to make it sell. This is the way with live up-to-date merchants the world over who have wares to sell, and the railroads like merchants have something definite to sell—credit.

It did not take long to prove that it is far more easy to sell a General or a Consolidated Mortgage Bond than a Third Mortgage Bond, although the liens may have been identical in each case. The new names were far more impressive and besides there was a certain mysticism about a Consolidated or a General Mortgage Bond that a Third Mortgage Bond could never aspire to possess. Do not blame the railroads for substituting a less definite title for a more definite one. They were simply compelled to obey one of the most important laws of psychology, and there have been no grievous faults to find with their action. When people purchase a Consolidated Mortgage Bond they are generally fully acquainted with the character of the lien, and they are perfectly content.

There is no hard and fast rules to follow in the naming of bond issue, and there is no limitation to the catalogue of titles. If you can think of a good name that will cover a proposed issue better than the usual one, and, what is more to the point, cause it to

sell more quickly, you will have added a new bond to an already long list.

Various Types of Bonds.

There are certain names for bonds, however, in daily use that we should be familiar with. As we have seen, the very strongest title to give any bond is that of First Mortgage—it is and will always be the best seller. When the railroads of the country began to consolidate and form important systems the combining roads generally carried with them into the new organization the bonded debt which they already bore and which could not be removed until maturity. The new company, however, generally wanted to raise funds for additional improvements—to build new bridges, new stations along the line, or straighten out a snake-like turn in its road-bed. They could not raise funds through the sale of a first mortgage on its combined property; the lien would more likely be a second, third or even a fourth mortgage, and even then would not be uniform on all the merged properties. So we have the Consolidated Mortgage, secured by a mortgage on the entire consolidated system, or a Unifying Mortgage, unifying the integral parts into one system by one mortgage covering all. Then we also have the General Mortgage of similar character.

As we have seen earlier in the evening a mortgage may be an open or a closed one. If it is an open one a provision appears in the mortgage stipulating just how the balance of the bonds may be issued. It may be that they cannot be issued except for say eighty per cent. of the cost of new construction, which when completed will become subject to the lien of the mortgage, or it may be that a certain amount of the bonds is reserved to take up underlying bonds of the merging companies as they mature.

Refunding Mortgages.

In order to simplify the bonded debt and to save legal and other expenses attending the creation of new mortgages, corporations oftentimes anticipate their future needs by setting apart a certain amount of bonds for a definite purpose. Certain underlying issues may mature during the life of the new mortgage, so a definite amount of the new bonds may be reserved to take them up at maturity, the proceeds from the sale of one being used to satisfy the payment of the other. In this way the old mortgages are refunded as they fall due by issuing bonds of the newer and larger mortgage in their stead. This is one of the purposes of the Refunding Mortgage, although the refunding provision may appear in the Consolidated, General, Unifying or any mortgage having underlying liens which mature during its life. This greatly simplifies and reduces the number of bond issues of a system outstanding by eventually substituting one mortgage in place of a dozen smaller ones and is always considered a good piece of financing.

Collateral Trusts.

There are two methods of merging properties; first—that of extinguishing the corporate identity of the merging companies by issuing new (or the controlling company's) securities in exchange for the separate companies' securities which are then cancelled; and secondly—that of purchasing the stocks of the merging companies whose corporate identity remains undisturbed.

In a merger on the former method there is an exchange of securities and little money is required except for the legal and other expenses connected therewith. In the second method, which often proves more desirable, funds must be raised to finance the outright purchase, so the Collateral Trust Bond was devised. These bonds are secured by deposit with the trustee of the corporate securities which are purchased, either stocks or bonds, and issued for say eighty per cent. of their market or cost price, the balance of the money being put up by the company as an equity. This has been a most popular method of financing mergers.

Where the merging corporations lose their corporate individuality, as in the former method, the new corporation will be obliged to assume the bonds and obligations of the merging companies. These will then become promises to pay of the new company instead of the old one, although the lien of the security may remain as before. These bonds henceforth bear the name of the new company and are known as Assumed Bonds.

Equipment Bonds.

There is another class of railroad bonds that is popular with the investing public, namely Equipment Bonds. As the name implies, these bonds are issued to provide funds with which to acquire rolling stock. The principal of the Car Trust is usually made payable in equal semi-annual installments covering a period of ten years, this partial payment of the principal of the issue being made with a view to protecting the bond-holder against the depreciation of the equipment. Equipment issues are originally created to cover about ninety per cent. of the cost of the equipment. As the entire amount of equipment remains undisturbed under the equipment trust until the last installment is paid, the equity for the remaining maturities is fully maintained as the payment of the principal is made at a faster rate than the depreciation. The equity is in fact more than maintained; it is gradually increased as ten per cent. of the trust is paid off annually, while, according to the Master Mechanics Car Builders' Association steel equipment depreciates only about five per cent, per annum and wooden equipment about six per cent. per annum. As equipment is essential to the operation of a railroad, which as a public necessity must be operated and kept open under all conditions, railroads cannot afford to forego the use of their equipment through failure to satisfy the terms of the equipment trust.

Investment and Miscellaneous Securities

Quoted by J. K Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 33 Wall St., New York.

	Bid.	Asked.
Adams Express	141	147
American Bank Note Com.	49	50¾
American Bank Note Pfd.	52	54
American Brass	137	141
American Chicle Com.	196ex	201ex
American Chicle Pfd.	94	99
American Dist. Tel. of N. J.	51½	53½
American Express	165	171
Atlas Portland Cement Com.	40	60
Atlas Powder Co.	88	93
Autosales Gum & Chocolate	18	23
Babcock & Wilcox	100	102
Borden's Condensed Milk Com.	114½	116
Borden's Condensed Milk Pfd	105½	107½
Bush Terminal	52	60
Celluloid	134	139
Childs Restaurant Co. Com.	160	168
Childs Restaurant Co. Pfd.	110	112
Computing-Tabulating-Recording	40	41½
Connecticut Railway & Light Com.	68	73
Del., Lack. & Western Coal	300	315
E. I. du Pont Powder Com.	130	135
E. I. du Pont Powder Pfd.	93	95
Empire Steel & Iron Com.	8	13
Empire Steel & Iron Pfd.	40	45
General Baking Co. Com.	19	23
General Baking Co. Pfd.	69	73
Gray National Telautograph	4	8
Hercules Powder Co.	88	93
Hudson Companies Pfd.	5	...
Hudson & Manhattan Com.	2	4
Hudson & Manhattan Pfd.	10	...
International Nickel Com.	142	144
International Nickel Pfd.	104½	106½
International Silver Pfd.	127	133
Kings Co. E. L. & P.	120	123
New Jersey Zinc	525	600
Otis Elevator Com.	78	81
Otis Elevator Pfd.	97	99½
Phelps, Dodge & Co.	210	220
Pope Manufacturing Com.	15	21
Pope Manufacturing Pfd.	53	58
Pratt & Whitney Pfd.	100	105
Remington Typewriter Com.	39	41
Remington Typewriter 1st Pfd.	98	101
Remington Typewriter 2d Pfd.	98	101
Royal Baking Powder Com.	194	203
Royal Baking Powder Pfd.	104	106
Safety Car Heating & Lighting	111½	113
Sen Sen Chiclet	112	117
Singer Manufacturing	297	302
Standard Coupler Com.	35	42
Union Ferry	14	18
U. S. Express	60	64
Virginian Railway	15	20
Wells Fargo Express	120	125
Western Pacific	7	8½

Proposed Secretary of the American Institute of Banking

SCRANTON (Pa.) Chapter has nominated its popular president, Walter B. Kramer, for secretary of the American Institute of Banking, the eleventh annual convention of which will be held in Richmond, September 17, 18 and 19. Support is asked on a basis of fitness and services rendered the Institute. Mr. Kramer is a graduate of the Institute and has been president of Scranton Chapter the past year. Previously he has held every office in his local chapter, has served on various committees and as delegate to A. I. B. conventions as well as to conventions of the Pennsylvania Bankers' Association. He holds an important position with the Lackawanna Trust and Safe Deposit Company and has many friends throughout the country.

Mr. Kramer possesses energy, administrative ability and tact, and is considered a typical Institute product. He has been active in this work for about eight years and has been an important factor in the development of Scranton Chapter, which has a larger percentage of Institute graduates in proportion to membership than perhaps any other Chapter. One-third of its members are certificate holders and a class of twenty-five is expected to finish this year. Mr. Kramer has served Scranton Chapter faithfully and well and would fit the office of secretary of the American Institute of Banking perfectly. He possesses unique and extraordinary fitness for this office of honor and responsibility and his term would be a continuation of the mission for which the Institute was designed—a genuine and lasting educational benefit and help to the young bankers of the United States.

Condition of the Texas Bank Guaranty Fund

ACCORDING to the report of Statistician J. R. Arnold of the Department of Insurance and Banking, the bank guaranty fund now has in it $708,374.82, of which $177,110.70 is in the State Treasury and $531,264.12 is in the guaranty fund banks subject to check of the State banking board. As nine banks now having deposits in the guaranty fund are in the process of liquidation, the net of the bank guaranty fund is figured at $701,179.62. of which $175,311.15 is in the State Treasury and $525,868.47 is in the banks. Six hundred and ninety-eight banks are in the bank guaranty fund and there are fifty-five bond security banks. The total of the bank bonds is figured at $6,436,000.

The bank guaranty fund at the beginning of the new fiscal year showed a net increase of $100,690.80 on new assessments and refunds. As compared with the fund the same time last year, it is $167,474.16 greater. The State banking board has ordered ten banks to increase their capital stock at once, as their statement of average daily deposits shows that their capital is out of proportion with the amount of business they are doing. Under the law banks doing an amount of business greater than what is considered a proper proportion to their capital stock must increase their capital when ordered to do so.

Commissioner of Insurance and Banking B. L. Gill is being flooded with applications for charter papers for new banks and the number of new institutions is expected to increase materially at once.—*Texas Bankers Journal.*

A Bank Tea Party

How an Enterprising Vermont Bank Gave Its Safe Deposit Business an Uplift

A NATIONAL bank in Central Vermont recently installed a new safe-deposit vault the largest of its kind in the State. The city of R——, where the bank is located, is surrounded by a number of small villages. The population of these villages is chiefly of the well-to-do farmer class. These farmers came into town to do their trading and were often in the bank on business, but it was not easy to persuade them that they should own safe-deposit boxes.

In the early part of the summer the cashier of the bank thought of a scheme to bring the vault to the attention of the farmers' wives and through them to the men. Taking a list of the farmers on the rural free delivery routes a card was mailed to each and every Mrs. Farmer. This card invited the ladies to be present at an afternoon tea on the following Friday from 2 p. m. to 5 p. m. in the safety-deposit rooms of the C—— National Bank. In addition to these invitations, one of the bank's stenographers was driven around the outlying districts of the city by the president's chauffeur where she made personal calls on some of the prosperous housewives and spinsters, explaining the service the bank could offer and urging them to inspect the new vault.

The employees of the bank had no great faith in the cashier's plan and rather ridiculed it as an "old-maid" idea. Their skepticism, however, was changed to admiration when on the day set nearly a hundred ladies took advantage of the unusual opportunity of attending a tea in a city bank. Two young ladies poured tea and served wafers and cake to the guests while the cashier and an assistant explained the workings of the vault and pointed out the advantages to them and to their men folk of owning a safe-deposit box therein.

The expenses of this little reception were very slight and the sale of boxes resulting from it and the new customers secured more than repaid the bank for the time spent upon it.

Latin-American Universities

SIX universities in Latin-American countries were established before the first one in the territory that afterwards became the United States, according to a recent bulletin of the Bureau of Education. The universities of Mexico and Lima were founded in 1551; Santo Domingo, 1558; Bogota, 1572; Cordoba, 1613; and Sucre, 1623.

Another group of Latin-American universities sprang into existence in the era of independence, typifying a developing sense of national unity. Among such are the University of Buenos Ayres (1821), the University of Trujillo in Peru (1831), the University of Arequipa (1835), and the institution at Medellin in Colombia (1822). In Brazil the university idea did not at first find favor; instead, independent professional schools for medicine and law were established.

Chicago as a Financial Center*

By Dan Norman, Assistant Cashier Continental and Commercial National Bank, Chicago.

A STUDY of the development of banking in a city, state or nation, illustrates the growth of its mercantile operations; and the favorable or unfavorable conditions pertaining to banking at different stages show the rise and fall of trade and the security or insecurity felt by merchants. We cannot imagine the man in business during the period of wildcat banks going about his undertakings with the same degree of vigor and confidence as obtained after the resumption of specie payments, or after the Cleveland and McKinley Administrations had committed the United States to the gold standard.

Banking History A Trade Index.

Not only may the course of trade in the past be gauged by the history of banking, but present prosperity or adversity is disclosed by this branch of business. If there be a brisk demand for funds, manufacturers, jobbers and retailers can have little cause to complain about lack of orders; rates for loans may be a trifle high, due to a call from the users of credit that reflects larger volume of sales; and reserves may run somewhat low, the natural result of the wider use of money in daily transactions. A reverse state of commercial activity produces the opposite effect on financial institutions. When manufacture and distribution are retarded, from any cause, money piles up, and bank credits become cheaper.

Growth of Chicago Banking.

With the foregoing in mind it is not difficult to trace the tremendous strides of Chicago by reverting to its banking position. From a place of so little comparative importance in 1856, only fifty-seven years ago, as to have but five chartered banks with a total paid-in capital of only $897,000, Chicago has become a city whose financial institutions have a capital of nearly one hundred million and deposits of approximately one billion dollars.

A branch of the State Bank of Illinois was located here previous to 1840, but it appears that the balance of the State was not impressed with the coming greatness of this metropolis, for the Legislature then in session passed an act containing a provision for the removal of the banking office somewhere else. If we had State banks with the privilege of doing branch banking now, imagine any such institution failing to maintain either its head office or principal agency in this city!

Your committee regrets that records of deposits as early as the fifties are not obtainable. For comparison it had to rely upon the item of paid-in capital.

In 1855-'56 there was employed in banking in this city by bankers, brokers and incorporated banks, $670,000. Here is where history begins to disclose the progress of a community destined soon to astonish the world. Nine years later, or in 1865, the total authorized capitalization of the incorporated banks was $6,820,000, that paid in, about four million, and the capital used by private bankers was estimated at $2,000,000. A statement made at the close of 1872 gives deposits of the national, State and savings banks as $88,100,000. In 1880 the aggregate was sixty-four million, seven hundred thousand. You see how the indicator was constantly going up, and it has not stopped yet. Chicago was forging ahead rapidly in those days; the foundation was being laid for all the great enterprises now grouped around the foot of Lake Michigan. During the period covered, one of the leading grain

* Report as Chairman, Subdivision Committee No. 11, Banks and Bankers, The Chicago Association of Commerce.

markets of the world came into existence; a great railroad center was built, connecting the arteries of commerce from East and West, North and South, where they could exchange freight with the fleets of the great lakes; a manufacturing district almost without limit as to quantity and variety of products sprang up; a packing-house industry of world-wide reputation had its inception; men of far-seeing ability founded wholesale and retail houses of the first rank; and the way was blazed for this generation to continue developing the real central market of the United States. Capital, raw material, manufacturing and selling capacity, the determined spirit and avenues of distribution—all are here. Beyond, over the Western and Southern, Northern and Eastern States, are the buyers, who, realizing that these advantages exist here as nowhere else, stand ready to coöperate with these forces in emphasizing the convincing truth that this is, indeed, *the* central market.

See what occurred in the third of a century just passed. We jumped from sixty-four million to one thousand million dollars of deposits. You know this means a proportionate increase in aggregate tonnage, in manufacturing, in jobbing, retail merchandising, population and payrolls, and in local purchasing power. Can anyone in the face of these figures doubt the tendency towards the expansion of one of the leading markets of the world? What has happened has simply been astonishing; what may happen rests largely with us.

Relations With Out-of-Town Banks.

There is a significance in the rapidly increasing number of out-of-town banks that have established connections here during recent years. This movement has proven the efficiency of the service rendered and the advantages of geographical location in collecting items in all parts of the country. Several Chicago banks employ expert transit men who specialize in this line of work, with the result that it has become recognized that drafts and checks routed through Chicago are handled with a minimum of delay and expense. Deposits carried here by these out-of-town correspondents have gained steadily. In 1892 they were only $57,800,000. When the last published statements were issued, February 4, this year, they had reached the magnificent sum of $315,200,000. In twenty years the gain from this source has been $257,800,000, over half of which is available for mercantile operations, the portion not so available being the required twenty-five per cent. reserve and the percentage in transit, in clearing-house exchanges and in eastern and foreign balances.

It is not fair, however, to claim that this has been brought about by the banks alone. While formerly bankers in many States thought it unprofitable to keep Chicago accounts, now in far the greater part of the country they find this practice not only profitable but indispensable as well. This reversal of sentiment can be attributed partly to the facilities extended and partly to the ever increasing interchange of business between other sections and Chicago. (The growth of the central market is evident, no matter which way the argument turns.) The direction and scope of commercial operations, coupled with ability and willingness to serve, determine the points at which banks select correspondents.

Villages, towns and cities heretofore considered remote, so far as commercial and financial transactions go, now look upon Chicago as their natural center. Many banks in the New England States, in the Far West and in the Southwest have, within the recent past, formed connections here, and the list is being enlarged every day. There was not sufficient time to get data, but it is safe to say several thousand outside banks carry accounts in this city.

Present Banking Position of Chicago.

There are now ninety-one incorporated banks in Chicago and the suburbs of Evanston and Oak Park, having, at the date of the last call of the Comptroller, combined capital of $90,025,-

000, and surplus and undivided profits of $74,200,000; loans amounted to $676,300,000 and investments in securities, $167,100,000, bringing the total of loans and investments up to $843,400,000.

The figures just quoted tell the story of the present. Business at the banks is good, deposits about normal for this season, and there is a firm demand for loans, indicating that the momentum attained by general business following the bountiful crops of last fall has lost none of its force.

Few have any conception of the heavy foreign exchange transactions of our local financial institutions. Without resorting to a figure of speech, this business can truly be said to be worldwide; foreign exchange purchased by our banks originates all over the country, and runs into hundreds of millions annually. The foreign connections of Chicago banks extend to every country where travel and commerce amount to much and where banking has been developed.

The bankers of Chicago have been diligent in protecting its good name. They were first in engaging a clearing-house examiner, and the efficiency and watchfulness displayed by him and his force of assistants have been attested in many other leading cities emulating this example.

Bank officers here have also been active in civic affairs. They have not been lax in supporting public undertakings; on the contrary, they have always been and are now ready to devote their share of time and energy to such organizations as aim to promote the general welfare.

George Smith and His Money.

A conspicuous instance of sound banking is to be found in the transaction of George Smith, who operated here and elsewhere from the late thirties to about 1857, a series of years strewn with financial wrecks and abundantly supplied with shin-plaster currency. Those were days when brokers made up charts discriminating against issues of different banks, placing some at a tremendous discount. Banking practices were deplorable, and accepting currency was nearly as hazardous as buying a ticket on a race horse. Smith's issues were in the shape of certificates of deposit, redeemable on demand, and these he loaned at twelve per cent. per annum. They were extensively used in marketing and exporting the wheat crops of Illinois, and adjoining States, and circulated over a wide territory. Towards the close of his activities he controlled two Georgia banks which emitted paper money. He was also a dealer in exchange in London. Despite the perilous state of banking and the magnitude of his transactions, not one of his certificates failed of redemption. This honest, thrifty, forehanded Scotchman before retiring accumulated a fortune of $10,000,000. He died in London in 1890, worth $50,000,000.

His career proves that however faulty the system, a man of integrity, intelligence and energy could conduct a conservative bank, with profit and honor to himself and benefit to those whose dealings were made more safe through the medium of exchange which he provided.

Present Banking and Currency System Inadequate.

The fact that George Smith could maintain the soundness of his "money" and amass a large fortune in spite of the abominable system or lack of system, then prevailing, was no argument for its continuance; nor is the fact that thousands of bankers are to-day able to handle the unprecedented volume of business passing through their hands, with only occasional trouble or interruption, any excuse for continuing a banking and currency system that is wholly inadequate. Apparently the future of banking in this country is more dependent upon a change in our banking and currency laws than is generally realized. We have attempted to point out that the condition of banking is but a composite of all other lines of endeavor. It has a deeper significance, however, as one of the fundamentals

on which the business structure rests, because it furnishes the machinery by which the exchanges growing out of all other undertakings are perfected. If the machinery breaks down, every man of affairs must call a halt, and his employees face idleness. If hampered by lack of wise and effective currency regulations, there come seasons when bankers find it difficult to keep up the exchanges and grant loans to customers to the extent that the volume of business or movement of the crops demand. It is imperative that in this essential there be remedial legislation, and without much further delay.

Investigations of the systems of leading nations of the world have been so complete and discussion has been so thorough that surely there ought to be enough reliable information on the subject to warrant the hope of recommendations and action that will insure a cure for the worst defects. The Glass Sub-Committee of the Committee on Banking and Currency of the House of Representatives, has held repeated hearings, and according to press reports is preparing a bill to meet the requirements. This proposed legislation may be presented at the extra session of Congress. We believe it the part of patriotism, and certainly of wisdom, for every citizen to study this measure without prejudice, when its provisions become known, and if found to be an improvement over what we now have, to aid in creating sentiment in favor of its enactment into law. No better service can be rendered at this time.

Laying aside all ideas of partisanship, in this question, more than in any other now before the public, is wrapped up the future of banking and general business, not only in our central market of Chicago, but throughout this wonderful and resourceful country.

Albany, N. Y., Chapter American Institute of Banking

Contributed by Oscar A. Meyer of Albany Chapter.

DURING the first part of March we discussed "The Stock Exchange" and our instructor made it clear to us that it is a modern necessity and benefit. He explained that it expedited the buying and selling of securities and placed them on a common level for judgment; it is a barometer of present and future commercial, political and agricultural conditions and diverts capital from where it is abundant into channels where it is needed. The Stock Exchange and the business of the country are sensitive to each other's condition.

At the two last meetings Professor Kennedy lectured to us on "The Clearing-House." A few years ago the courts defined a clearing-house as an ingenious device to simplify and facilitate the work of the banks in reaching an adjustment and payment of the daily balance due to and due from each other at one time and in one place on each day. Since then it has so extended its sphere of usefulness and influence that in a few years the daily exchanging of checks and balancing of accounts will be but a minor duty of the clearing-house. In addition to its original purpose, the modern American clearing-house keeps a sharp eye on the condition of its members, requires them to report to it, issues certificates for use among members and endeavors to fix exchange rates and to facilitate the collecting of out-of-town checks.

Mr. William J. Kinsley, the expert on handwriting from New York, delivered an illustrated lecture March 19 in this city under the auspices of the Albany Savings Bank Club, upon whose

invitation many of our boys attended the lecture. Mr. Kinsley said that there is nothing to prevent a skillful forger from passing a worthless check on any bank; however few forgers take sufficient time and pains. The best way to guard against forgery is to acquire a rapidly written, distinctive plain signature. Check raising, he said, could be prevented by the use of the check punch.

On the evening of March 27 we celebrated our first anniversary by a banquet at Keeler's Hotel. It was a very successful affair, in charge of a committee of which John C. O'Byrne was chairman, and attended by nearly all the members of Albany Chapter, officers from all the local banks and trust companies and several out-of-town bankers. George B. Wilkinson, our president, acted as toastmaster in his usual happy manner. The speakers were F. W. Ellsworth of New York, chairman of the National Publicity Committee of A. I. B.; Rev. J. S. Kittell, F. W. Cameron and D. H. Prior.

BANKING PUBLICITY

Conducted by T. D. MacGregor

Farmers' Bank Accounts

Suggestions on Advertising to Get Them

By A. M. Ingraham.

THERE are a number of considerations which make it highly important for every progressive bank, so located as to be within easy reach of rural communities, to advertise for the accounts of farmers.

In the first place, the increase in city population has created a large demand for farm products, causing an advance in prices, so that the farmer can sell his products at a fair profit. Again, the improvement in farming implements has made it possible for the farmer to cultivate the soil with greater facility and far less expense, assuring a larger profit and consequent accumulation of money; then again, scientific farming methods enable the farmer to eliminate losses, and, therefore, procure a more uniform yield from his cultivated land.

Whereas, formerly the farmer was a small borrower, he has quite generally become a large depositor, borrowing on a straight business basis with excellent security, whether personal endorsement or on a mortgage basis.

The volume of money circulating as a result of his annual crop production is worthy of careful attention on the part of every progressive banker whose institution is so located as to appeal to farmers.

The farmer has fallen into an isolated mode of life. By means of telephone, he transacts a great deal of business that formerly required personal visits to town. His mail is now delivered at his door, and his semiweekly trip to the postoffice and incidentally to the bank and store has been practically abandoned. The extension of electric lines, making long distance travel convenient and reasonable, has led the farmer to visit large centers for the purpose of purchasing supplies, leaving his home town, as a business center, out of consideration.

NINE GOOD BANK EMBLEMS

These changes in the mode of life have gradually crept upon the farming community, perhaps in many cases without being observed by the banker. The progressive banker, however, will substitute the personal letter, an occasional booklet and other printed matter for the former personal contact with the farmer, made possible by the farmer's regular visits to the bank.

Every farmer has an opportunity to read during the long winter evenings, noon hours and occasional times that he takes for rest and recreation. The tendency to read has been given a great impetus by the increased number of magazines and the willingness on the part of the farmer to read a newspaper every day. The habit of reading is important. Printed matter can be addressed, for the purpose of procuring new accounts, to a man or woman who is accustomed to read, with greater assurance that it will be read, than when sent to a person who has very limited reading material coming into his hands.

It is sometimes said that people have so much in the way of printed circulars, booklets, letters and other matter that they do not have time to read the literature concerning banking, saving money and safe investments. The fact is, however, that the person who is accustomed to reading will make better use of printed messages than one who is less favored with literary matter.

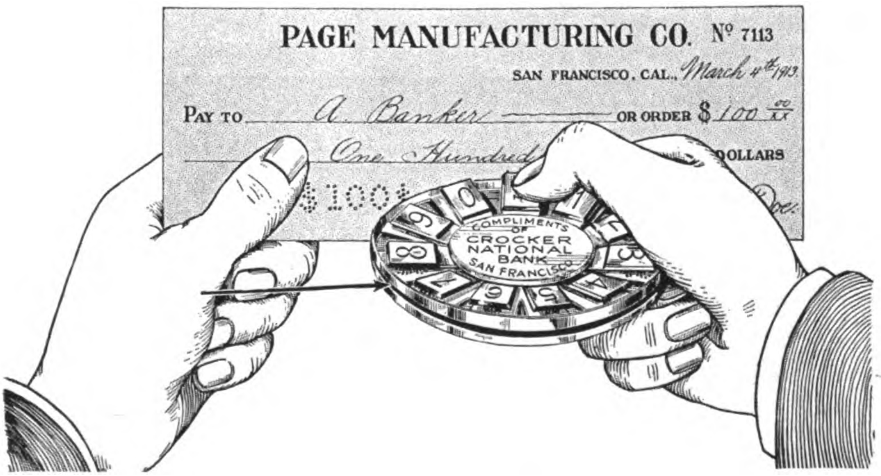
The banker who has never used personal letters as a means of extending his acquaintance and retaining his friendly relations with farmers has missed one splendid opportunity which is inexpensive, yet dignified and efficient as a means of procuring new accounts

and other business. For a sort of staple line of information, the booklet, folder and sometimes a dignified, carefully prepared card, can be used to splendid advantage. This policy simply means that the banker adjusts himself to those changed conditions which have made the farming community a really new field for banking business, both as to the amount of resources and as to the susceptibility and responsiveness of the farmer toward the solicitations of bankers.

One distinct point that the banker should constantly emphasize is the fact, true of most progressive banks, that deposits are accepted by mail. This enables the farmer to enclose checks, money orders and other forms of exchange, received in payment for shipments of produce or sales, in an envelope and send his deposits to the bank without making a special trip. In some instances, farmers hold remittances for several weeks, and then go to the bank and procure cash. This plan forces the bank to incur expense and await reimbursement while the paper is "in transitu." Where the farmer understands that deposits are welcome by mail, he usually sends in his deposits promptly upon receiving remittances, thereby protecting himself against loss, and making a satisfactory line of business for the bank. Banking by mail has been a conspicuous failure, as a national proposition, where banks in large centers have attempted to draw deposits from all parts of the country. However, banking by mail within a definite radius from any financial institution is merely a matter of added service, and an inexpensive method of securing a stable line of deposits.

In view of the fact that the farmer is not an experienced user of banking facilities, a great deal can always be said advantageously to him concerning the service and safety of the bank. He should be warned concerning the risk attending the keeping of money at home. The farmer should also be shown that idle money can be set to work earning interest if deposited in an interest bearing account with the bank. He should be advised by his banker of the risk occasioned by holding exchange or checks for an undue period of time. He can also be informed in regard to money matters of a financial nature to which his attention has never been specifically directed, such as the convenience and safety afforded by having a checking account.

In approaching the farmer, the



A VERY PRACTICAL ADVERTISING NOVELTY

banker must be thoroughly tactful and judicious. The farmer, as a rule, is a "doubting Thomas." His occupation leads him to look with discredit upon mere assertions. He wants proof. He has been fooled about the weather and has bought lightning rods that were fakes, as well as fruit trees that bore false fruit. When the banker approaches the farmer, he must do so in a candid, straightforward way, giving positive proofs of facts and conclusions.

The banker must also treat the farmer's business in a sympathetic way. He must look at the farmer's problems from a fair standpoint. The banker should treat the farmer as a business equal. For these reasons a carefully prepared personal letter going from the banker to prospective depositors is one of the best means of establishing mutually helpful relations between the bank, located in a rural section, and its greatest source of support and profit.

A New Savings System

A Western Bank Has Adopted a Certificate Plan Which Has Advertising Value

An improved savings system intended to be used by banks in industrial communities to stimulate regular habits of thrift and saving on the part of employees of factories, railroads and other concerns has been devised and adopted by the Citizens State Bank, of Wonewoc, Wisconsin, which considers it a very good form of advertisement.

The system comprises certificates of deposit of even amounts of $1.00, $2.00, $5.00, etc., each having a convenient table that shows the value of the certificate with interest added on any date, so simply that anyone can tell at a glance the value of a deposit without computing either time or interest. The certificates are issued with the aid of a small specially constructed multiple dating machine which fills in the dating rapidly.

Arrangements are made with the paymasters of factories and other concerns to deposit a part of each payroll money in the bank and take out these certificates in suitable denomination so


20 INTEREST BEARING SAVINGS DEPOSIT AND BANK MONEY ORDER GOOD ANYWHERE 20
BETTER THAN CHECKS – FOR PAYROLLS, TRAVELERS, STORES, HOTELS Etc. – FOR INT. SEE THE TABLE
THIS CERTIFIES THAT HAS DEPOSITED
No. TWENTY DOLLARS IN
CITIZENS STATE BANK OF WONEWOC, WIS. 79-386
FOR WHICH ON DEMAND AND SURRENDER OF THIS INSTRUMENT, IT WILL PAY THE BEARER (UNLESS OTHERWISE ORDERED AS PROVIDED BELOW) IN CURRENT FUNDS THE AMOUNT SHOWN IN THE ATTACHED TABLE AS THE VALUE HEREOF ON THE DATE PAID.
N.B.: When signed in the space below by any owner this Bank Deposit becomes payable to order thereafter–transferable by endorsement only.
ORDER: PAY THIS CERTIFICATE TO MY ORDER WHEN ENDORSED BY ME AND MY IDENTITY ESTABLISHED.
ANY BANK WILL PLEASE PAY THE CORRECT AMOUNT SHOWN IN THE TABLE FOR THE DATE PRESENTED
SIGNATURE PAYABLE TO BEARER UNTIL SIGNED HERE OWNER
FILL ALL IDENTITY SPACES BELOW WITH CARE, IN INK, WHEN SIGNING ABOVE
AGE yrs WT. lbs HT. ft in. COL. HAIR COL. EYES BY PRES. CASH.
SAMPLE VOID
FEB 14 1913 VALUE $ 20.00
JUN 15 1913 VALUE $ 20.20
OCT 15 1913 VALUE $ 20.40
FEB 15 1914 VALUE $ 20.80
JUN 15 1914 VALUE $ 21.10
OCT 15 1914 VALUE $ 21.35
FEB 15 1915 VALUE $ 21.65
JUN 15 1915 VALUE $ 21.90
THE MODERN SAVINGS SYSTEM – INSURES SAFETY – PROTECTION – INCOME AND READY MONEY – HOLD THIS DEPOSIT – APPLY TO THE BANK FOR OTHERS
ISSUED IN EVEN AMOUNTS OF $1.00-$2.00-$5.00-$10.00-$20.00-$50.00-$100.00-Etc.
DEPOSITS RECEIVED BY MAIL – WRITE THE BANK FOR BOOKLET "BANKING BY MAIL"

A NEW SAVINGS CERTIFICATE

The dating is inserted by means of a self-inking multiple dating machine with changeable dates. It enables the teller to issue the certificates rapidly (40 to 60 per minute), showing interest computed from the date of deposit. One can tell the value of the deposit on any chosen date in five seconds, without figuring.

The Bank of Pittsburgh National Association

Redmond & Co.

STRONG NAMEPLATES AS TRADEMARK EMBLEMS

as to put one or two in each pay envelope, in lieu of checks or currency, so that employees have interest-bearing certificates without going to the bank.

The certificates are made payable to bearer and are transferred to employees by delivery without endorsement, but each contains on its face a provision and signature space by means of which any employee or subsequent holder can convert the paper from one payable to bearer to one payable to order, only upon identification of the signer. This renders the paper absolutely safe from being cashed if lost or stolen.

Considerable interest has been shown in the plan and this idea of encouraging thrift on the part of wage earners is said to be especially commended by many prominent welfare workers, as well as by bankers and the banking departments of several of the States most advanced along the line of banking regulations.

The certificates are of attractive appearance, about the size of currency bills, and indeed are so convenient for carrying that the Commissioner of Internal Revenue was asked for an opinion as to their being taxable as State note issues, but has rendered the decision that "the certificates are covered by the decision of the Supreme Court of the United States vs. Wilson, 106 U. S., 620, and are not, therefore, subject to any tax under the internal revenue laws." They moreover appear to comply with the laws, rules and regulations of the banking departments of the several States.

The system is said to be very economical from the bank's standpoint, as the machine permits a very rapid and accurate issue of the certificates, and the table permits their payment by paying teller very rapidly. A register balance system enables a bookkeeper to take care of as much savings business as twelve bookkeepers can handle under the savings passbook system. However, these advantages to the bank are really secondary to the great advertising and deposit canvassing features of the system.

Meeting all the legal requirements of national and State banks, with really great advertising merit, and of especial value in stimulating and encouraging habits of savings, the system promises to become both popular and profitable to banks in industrial centers.

Mr. E. M. Hanzlik, president of the Citizens' State Bank, to whom we are indebted for the above information, says:

"From our experience to date we can say that the Interest Bearing Certificates are proving a very attractive feature in securing small accounts as well as for their advertising value. The certificates are very attractive and we find our patrons prefer them to our regular time certificates.

"We have not had time to give the

certificates a fair trial, but we think it will be fairly conservative to estimate that anywhere from forty per cent. to fifty per cent. of employees and farmers who receive the certificates retain them as saving funds."

Land Banks

A Southern Bank Argues That Our Present Banks Are Sufficient.

IN connection with its last tobacco growing contest, the Wachovia Bank & Trust Company of Winston-Salem, N. C., published this good talk on the land bank question:

Much has been written concerning the establishment of some form of land bank that will be able to serve the farmers. It is entirely probable that such banks may, in time, be established, but it does not seem to have occurred to any of those master minds making the proposal to establish such banks that the banks already in existence are as anxious to serve the farmers as any land bank may be.

What the land bank will need, and what the other banks need, is the opportunity to become acquainted with the farmers. What the farmer needs is to become so well acquainted with some good bank, and to so transact his affairs of a financial nature, as to be able to borrow money when needed.

This bank is ready to serve the farmer. It is just as ready and anxious to serve him as to serve the merchant or manufacturer. It is necessary that the bank know something about the farmer who desires a loan, just as the bank knows of the merchant or manufacturer. The bank must know what the ability of the man who borrows may be so it may determine whether he can repay the loan. Then, there is one other feature that the farmer must know. When the farmer borrows at the bank he must learn, as has the merchant, that a note due on a certain day should be attended to on that day and not one or two

A VARIETY OF IDEAS FOR EMBLEMS

months later. It is not necessary to pay off the entire note. If able to do so, interest at least, is saved, but if a farmer can only pay a part, he will usually find the bank willing to grant an extension of time on the remainder.

Know your bank. Use it. Show your ability to repay. Be prompt in attending to obligations, and the farmer will find this bank as ready to accommodate him with a loan as it is to accommodate others.

Credit is a necessity on the farm and in every line of business. It is built upon confidence in man's willingness and ability to repay what he may borrow, but it should not be granted to the man who thinks so little of his credit as to pay no attention to his obligation when it falls due.

By depositing money coming into their hands when crops are marketed farmers get acquainted with the bank and if they are able to secure the bank and will attend to obligations promptly, they can borrow.

How Banks Are Advertising

Note and Comment on Current Financial Publicity

MR. E. Y. CHAPIN, Vice-President and Trust officer of the American Trust and Banking Company, Chattanooga, Tenn., is the author of a series of excellent booklets advertising the fiduciary department of that company's business. The titles of the booklets are "Administration," "Why an Executor?" "Why a Corporate Executor?" and "After You What?" These subjects are well handled and the booklets are printed in fine, clear type that makes them very readable.

"A Brief History of American Currency, From Wampum to Nickels" is an interesting and attractive booklet issued by the First National Bank of Boston. It is a booklet which will be preserved for its intrinsic value and prove a good and lasting advertisement for the bank.

When Mr. H. A. Allen became cashier of the Holyoke (Mass.) National Bank, his portrait was tipped on to a statement folder on the front of which were printed the words, "Introducing our new cashier."

"A Bit of History" is the name of a booklet issued by the State Bank of Chicago in commemoration of its thirty-fourth anniversary. It is illustrated by views of the various homes the bank has had and by portraits of its present officers. Other good features are a map showing the location of the bank in the downtown section of the city, and a list of the stockholders of the institution.

Another Boston institution which believes in getting out good printed matter is the Old Colony Trust Company. Its latest is a substantially bound book of thirty-four pages on "The Management of Trust Property." This book, which is about perfect from the typographical standpoint, takes up in detail the organization of the Old Colony Trust Company for the performance of fiduciary duties of every nature. In addition, there is a full outline of the law of descent and distribution of intestate property in Massachusetts, giving the facts about wills and the inheritance tax. This company also prints an advertising paragraph on the back of the envelope in which it returns depositors' canceled checks, the statement of the account being on the front of the envelope. The copy is changed each month and in addition printed slips advertising different departments of the institution are sometimes enclosed.

"Founded 1892," reproduced apparently from a bronze tablet on its building, is the effective title of the twentieth anniversary booklet of the Garfield Savings Bank of Cleveland, O. The text matter within the attractive covers is a model of what a good anniversary booklet should contain.

The fourth edition of "A Story of Growth—A City and a Savings Bank" revised to January, 1913, has been issued by the Security Trust & Savings Bank of Los Angeles. It is a twenty-two page folder showing the growth of Los Angeles, territorily, in population and assessed valuation, and the coincident development of the bank itself. The city and the bank are both growing so fast that a new edition of this folder is needed every once in a while.

Mr. Edward L. Hillyer, secretary of the Union Trust Company, Washington, D. C., sends us an unusually handsome folder dealing with that institution's trust functions. It is entitled "Proper Distribution of Your Property After Death." It presents the usual trust company functions in an unusually interesting manner. It is printed in gold and green on gray paper and is ornamented with a fine view of the bank's handsome building.

Miss Eleanor Montgomery, advertising manager of the American National Bank of Richmond, Va., realizes the collateral advertising value of news articles in the daily papers. At her suggestion, a reporter on one of the Richmond papers got a good interview with an officer of the bank on finger-print identification as now used in banking. In regard to the article Miss Montgomery writes:

"This is the press agent story which I smuggled into the Times-Dispatch of March 16th which the Industrial Editor kindly printed as 'news.'"

In our opinion Miss Montgomery need not feel apologetic about her little *coup* as there was undoubtedly real news value in the story and the paper ought to be glad to get "tipped off" on it.

"Light" and "Your Bank and You" are the names of two good folders put out by the Commercial National Bank of Syracuse, N. Y. These are part of a monthly series. Speaking to possible women customers in one of these folders this bank says:

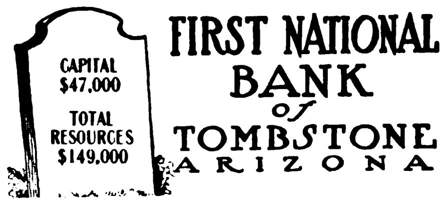
In your financial affairs you should go to your bank as you go to a doctor—for advice. The bank is, perforce, in touch with all the leading money interests and knows their individual influences on the stock market, therefore, no advisor, could be more reliable than your bank. Look on it as a friend who has your welfare and success at heart.

T. R. Durham, assistant cashier of the Chattanooga, Tenn., Savings Bank, writes:

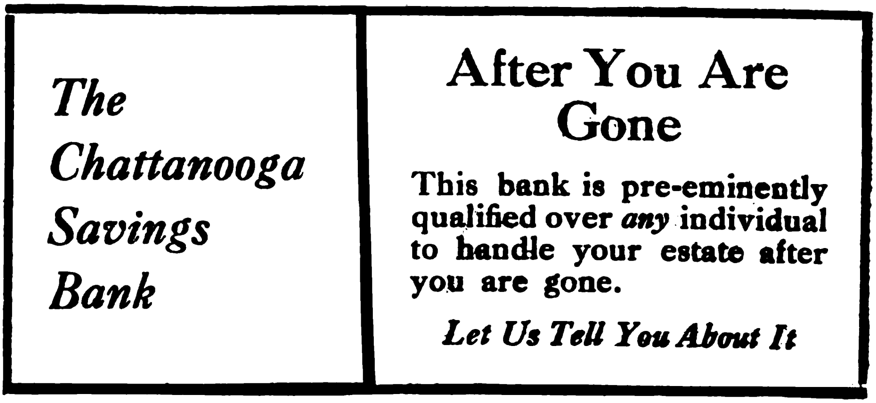
Enclosed herewith I hand you a booklet prepared for this bank, entitled, "A Little Journey." We do not feel that any particular apology is due to Elbert Hubbard since there has been no effort to imitate his style either in writing or printing. It was gotten up in this form merely in an effort to have something a "little different" from the cut-and-dried style.

I also hand you a leaflet on "The Business Outlook for 1913," which we have enclosed in our correspondence to all out-of-town customers, and which we have run as an advertisement in all the country newspapers where we have contracts.

In view of the "panic" publicity given by one of the Presidential campaign managers, we have observed considerable unrest among a certain class of people. We considered the expense worth while in that it conveyed the suggestion that the situation is really not bad.



NOT A DEAD ONE, HOWEVER



A MESSAGE QUICKLY TOLD

I also enclose a few of our recent newspaper ads. We have adopted the plan of using small space often, rather than much space occasionally. We feel that if one point is driven home at one time it is probably better than long essays which are not often read. Your criticism will be appreciated.

Kindly put my name on the exchange list in your publication.

The "Little Journey" is a charming little trip, to be sure. The various stations on the journey are "Service," "A Few Little Conveniences," "The Checking Department," "The Savings Department," "Safe Deposit Boxes," "Loans on Real Estate," and "Collections and Exchange."

The leaflet on the business outlook read:

"Did you know that the principal crops were larger in 1912 than ever before since the Government has kept records? Did you know that the cotton crops amounted to about one billion dollars; that the bank clearings increased ten to fourteen per cent.; that the copper output breaks all records; and that exports exceeded imports by more than five hundred million dollars? With the proceeds from this enormous business in circulation, the good year 1913 promises a high tide of prosperity for the country. It is not any wonder that merchants and manufacturers are attending to business and ignoring politics."

We also reproduce three of the newspaper advertisements. We think the one with the design showing the bank building lighted up is particularly effective in an advertisement, calling attention to the fact that the institution is open Saturday evenings.

Mr. Edward T. Kearney, president of the Mid-West Bank, Sioux City, Iowa, gets a write-up in the department "Who's Who Among the Local Irish" of the "Daily Tribune" of that city, the ad. of the bank being on the same page.

The German American Trust & Savings Bank of Los Angeles does pay envelope advertising. The envelopes are not the customary small manila ones, but larger ones and in many different tints. Almost every available space is used to carry the advertising of the bank, the back being ornamented with a cut of an automatic recording safe or home bank. Even on the inside, where the workman will see it when he tears the envelope open, is printed this admonition:

Save some of this by depositing it with the German American Trust and Savings Bank.

The cost of these envelopes is $1.00 a thousand.

A good argument to induce the "commuter" to keep a bank account in his home community is given by the National City Bank of New Rochelle, N. Y., forty-five minutes from Broadway, thus:

A large number of people in our city and its vicinity have been and are considering the desirability and advantages of a local bank account in New Rochelle. The inconvenience of such an account and the charge on New Rochelle checks by the New York Clearing House banks have deterred some people who would like to patronize the home institutions. These objections have been satisfactorily solved by the banking by mail plan through which all deposits can be safely sent by mail and credited to the account just the same as if the depositor made a personal visit to the bank, and the other objection is done away with by the recent action of the New York Clearing House Association by which checks drawn, on any of the New Rochelle banks or trust companies, shall, on and after March 1, 1913, be paid by the banks of the New York Clearing House for their full face value.

We can safely urge all residents of our city and vicinity to open a local account with The National City Bank of New Rochelle, guaranteeing good service, safety for funds, convenience for transacting business and giving the same facilities as a New York City account, with the additional advantage that we receive on deposit and collect free of charge, checks on any bank in the United States.

The Wachovia Bank & Trust Company, Winston-Salem, N. C., uses a couple of reply postcards to good effect. One sent to those opening an account, on its message side contains this matter:

We take this opportunity of expressing our appreciation of the account which you have opened with us and we wish to assure you that our officers and employees will esteem it a pleasure to extend to you every courtesy and attention.

As a depositor of this institution you must know that the management appreciates your account. Our time, attention and energies are devoted to rendering a banking service that meets the requirements of our patrons.

If your friends have need of a bank we seek your co-operation in inviting them to open an account with this bank and we will serve them as faithfully as we strive to serve you.

Wachovia Bank and Trust Company
Winston-Salem, N. C.

On the reply side is this:

I choose your bank for the carrying of my account because of

Its advertising, convenience afforded, general reputation of bank, recommendation of a friend, its helpfulness, its great strength, acquaintance with officers, four per cent. interest on time deposits.

Yours truly,

....

....

The following persons should be interested in the bank:

....

....

....

The other card carries this message to would-be withdrawers:

The patronage with which you have favored us has been fully appreciated and we note with regret that you have temporarily, at least, closed your account with us.

If there was a reason for your action we would greatly appreciate your advising us of its nature in order that we may in future avoid making a mistake that would cause a valued patron to leave us.

Purposing at all times to render you a personal and helpful banking service and confident that we have the facilities that will meet your every requirement, we invite you to reopen your account with that department which will prove of most assistance to you in handling your finances.

Wachovia Bank and Trust Company,
Winston-Salem, N. C.

The Guaranty Trust Company of Lancaster, Pa., has a savings certificate plan, the operation of which it describes in its advertising matter, thus:

For example, suppose you decide to save one dollar a week. At your first payment, we furnish a neat folder which you bring or send each time and have the amount of your payment entered therein. Should you pay more than one dollar any time, you are then credited as many weeks in advance as your payment will cover. Your book will be filled in forty weeks if you make all the regular payments. By presenting it, you can then withdraw the forty dollars you have saved, together with three per cent. interest allowed if all payments have been promptly made.

Accounts are not limited to one dollar; you may start with any sum from twenty-five cents up to five dollars weekly. The amount does not increase or change, but remains whatever sum you decide upon at the start. You may start any time. You can, therefore, have an account come due whenever you need money by starting forty weeks before that time. All payments must be made promptly or in advance, and no withdrawals are allowed until the forty weeks have expired.

An Excellent House Organ

THE Nebraska State Bank of Ord, Neb., has begun the publication of a monthly paper called the "Nebraska State Bank Journal." It is well printed and illustrated. The subject matter makes interesting and profitable reading. Besides advertising the bank, the journal will also set forth the investment advantages offered by that portion of Nebraska.

Advertising Fallacies

AMONG other fallacies the bank advertiser should look out for, E. St. Elmo Lewis of the Burroughs Adding Machine Company mentions these:

1—That anything that talks about his bank is advertising.

2—That every expenditure for printers' ink is advertising.

3—That when the banker gives out an interview saying the times are good or bad, anyone believes it just because he says so.

4—That charity contributions are advertising.

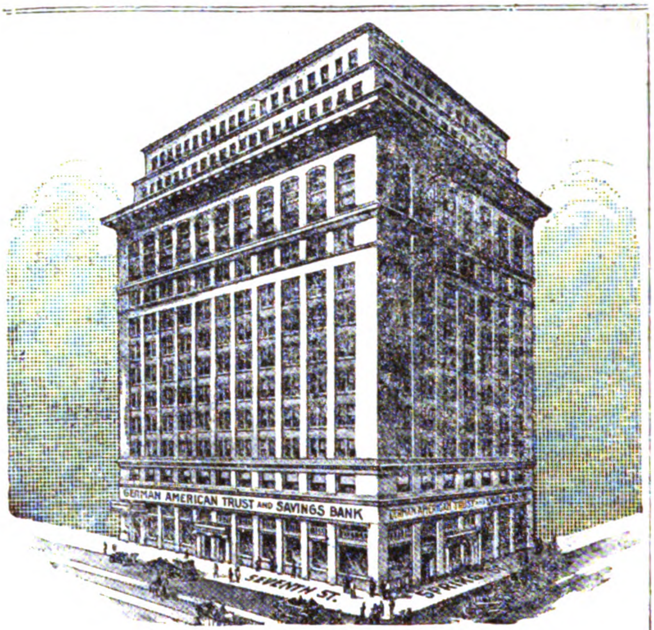
5—That merely buying space in the town paper is advertising.

6—That the glad hand in the advertising can overcome the frozen face behind the chilled steel gratings.

7—That your secretary is a good judge of advertising, because he agrees with you.

Good Book for Advertisers

"HOW to Write Advertisements That Sell" is the title of an excellent 128-page book recently published by the A. W. Shaw Company, Chicago, and given away in connection with a subscription to "System" Magazine. It tells how to plan every step of an advertising campaign and tells how to write and lay out copy. It also contains pointers on choosing prospect lists and mediums. Some of the chapter titles are: Finding the Vital Selling Points, Rousing the Motives that Make Men Buy, Combining Ap-



German American

Trust and Savings Bank

Will Move to its New Home at Spring and Seventh Sts., about May 1st

We picture above the Union Oil Building, the entire Ground Floor and Basement of which we will occupy within a few weeks. We are arranging here one of the finest Banking Homes in the West.

IN our present location at Spring and Fourth Streets we serve nearly Fifty Thousand Customers.

Practically all of them are steady Patrons. This is positive evidence that we are able to satisfy their banking needs.

If we can become known as "The Bank With the Efficient Service" in our present limited quarters — with both Lobby and Business Departments over-crowded for Customers and Employees

—just think how superior conditions will be when our New Home is ready—

—five times our present floor space.

—every modern convenience for facilitation of business.

—every comfort for our Customers.

You will find it a real PLEASURE to do your banking with this Institution at Spring and Seventh Streets—and certainly we will welcome you there.

The Resources of this Bank now exceed $22,000,000.00. Savings and Commercial Departments. Complete Trust Service. Modern Safe Deposit Vaults. Steamship Department.

ADVERTISING A NEW HOME

peals to Win the Average Prospect, Putting Sales Schemes into Copy, Attention-Getting Headlines and Displays, Making Copy Plain and Interesting, Writing in the Reasons Why, Choosing Profitable Sales Mediums and Lists, How Much to Spend for Advertising, Testing to Determine Your Best Copy and Mediums, Keeping Reference Records and Specimen Advertisements, How to Plan Your Next Campaign by Past Averages.

A Corn Contest

A Live Illinois Bank Believes in This Idea

THIS is the second year that the Rockford National Bank of Rockford, Ill., has conducted a corn contest. The details of the contest are outlined in the following letter:

Dear Sir—The situation is this: In order to increase the yield of corn per acre we must fertilize the soil; then the question of what fertilizer to be used arises. This question is answered very plainly in the enclosed circular containing valuable information about fertilizer, from the Agricultural Station of Illinois University.

This corn contest is only one step toward creating an interest that should be uppermost in every farmer's mind. All we can do is to offer gold to encourage this movement. The rest is up to you. Will you do it?

Your boy will see the day when the yield will have to be larger. Start him now; get him interested; it is the finest future imaginable.

We again offer through the Winnebago County Farmers' Institute two hundred dollars in gold for the largest acre yield of corn in Winnebago County.

The prizes to be divided as follows:

First prize	$100.00 Gold
Second prize	60.00 Gold
Third prize	20.00 Gold
Fourth prize	10.00 Gold
Fifth prize (See below)	10.00 Gold

The fifth prize is for the best exhibit of ten ears at The Rockford National Bank.

Those winning prizes, and those entering ten ears in the exhibit at the bank must have ten ears at the bank one week before the meeting of the Farmer's Institute at Rockford, Ill.

It is understood that all corn brought to the bank shall be the property of the Rockford National Bank.

The acre is to be measured and weighed by judges chosen by the Winnebago County Farmers' Institute. Water free basis analysis.

W. F. WOODRUFF

PRESIDENT ROCKFORD NATIONAL BANK, ROCKFORD, ILL.

All farmers entering the contest are required to register their names and addresses at the Rockford National Bank in the Trust Building on or before June 1, 1913.

For further information inquire at the Rockford National Bank.

H. S. BURPEE, Cashier.

Bank Advertising Exchange

Those listed herewith are willing to exchange advertising matter issued by them from time to time. To get on this list free of charge write to the editor of this department. **Watch each month for new names and other changes.**

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co. of New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

H. M. Jefferson, Empire Trust Company, 65 Cedar St., New York City.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wachovia Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Farmers & Mechanics Trust Company, West Chester, Pa.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

Germantown Ave. Bank, Philadelphia, Pa.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Union Trust Co. of the D. C., Washington, D. C.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.

A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.

Dexter Horton National Bank, Seattle, Wash.

Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Frank K. Houston, Asst. Cashier, Third National Bank, St. Louis, Mo.

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

Edward W. Klein, advertising manager, Cleveland Trust Co., Cleveland, Ohio.

H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.

W. M. Kreim, Publicity Dept., Security Trust & Savings Bank, Los Angeles, Cal.

C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.

J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.

F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.

Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.

A. E. Potter, president, Broadway National Bank, Nashville, Tenn.

F. R. Adams, Will Co. National Bank, Joliet, Ill.

T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.

C. W. Parrish, cashier, Commercial Bank, Midway, Ky.

Imports Into Pacific Ocean Ports Two Billion Dollars Annually

TWO billion dollars' worth of merchandise is now being imported annually into the ports fronting upon the Pacific Ocean. About ten per cent. of this is drawn from the United States, twenty-five per cent. from the United Kingdom, eight per cent. from Germany and seven per cent. from other European countries, the remaining fifty per cent. being drawn from areas adjacent to the importing port or country.

This statement is compiled from a table prepared by the Statistical Division of the Bureau of Foreign and Domestic Commerce for publication in the Statistical Abstract of the United States. The table shows the imports and exports of each of the principal countries of the world at the latest date possible, the share of imports drawn from the United States and the share of the exports sent to the United States and thus renders practicable a measurement of the commerce of the Pacific, to which a new door is soon to be opened.

The chief importing countries fronting upon the Pacific, taking them in the order of magnitude of their imports in the latest available year are: Australia, with imports of 326 million dollars; China, 314 million; Japan, 255 million; Straits Settlements, 226 million; Hongkong, estimated at 180 million; Dutch East Indies, 127 million; Chile, 127 million; New Zealand, ninety-five million; Philippines, fifty-five million; French Indo China, thirty-seven million; Siam, twenty-seven million; Peru, twenty-four million; Bolivia, twenty-three million; Korea, twenty million; and Ecuador, eight million dollars; while to this may properly be added the imports of the Pacific coast of Central America and Mexico, approximately ten million dollars; the Pacific coast of Colombia, five million dollars; the Pacific coast of Canada, twenty million, and our own Pacific coast ports 125 million dollars. This gives a grand total of practically two billion dollars' worth of merchandise per annum entering the ports fronting upon the Pacific, of which about 200 million, or approximately ten per cent., is drawn from the United States; 500 million, or approximately twenty-five per cent., from the United Kingdom; 300 million, or approximately fifteen per cent., from continental Europe; while the remaining one billion is drawn from nearer fields. These semi-local exchanges which form about one-half of the total are chiefly among the oriental peoples, such as imports of rice by Japan, China and the Philippines from Siam and French Indo China; imports by China of cotton yarns from India; imports of sugar into China, Hongkong and Japan, from Java and the Philippines; exports of raw cotton from China and India to Japan; and exports from Australia of flour and meats to Singapore, Hongkong, Manila and the ports of China and Japan.

While our share in the imports of the countries fronting upon the Pacific is about ten per cent. when taken as a whole, the share which we supply of the imports of the various countries varies materially. Of the imports into the Philippines, 37.8 per cent. is supplied by the United States; of those into Japan, 15.8 per cent.; Australia, 13.5 per cent.; Peru, 18.5 per cent.; Bolivia, 16.9 per cent.; Ecuador, 28.1 per cent.; Chile, 12.4 per cent.; China, 8.5 per cent.; Hongkong, 5.4 per cent.; New Zealand, 8.6 per cent.; Siam, 2.2 per cent.; the Dutch East Indies, 1.7 per cent.; French Indo China, 1.3 per cent.; and the Straits Settlements, less than one per cent.

Manufactures form a large percentage of the imports drawn from the United States and Europe by the countries fronting on the Pacific, though

Japan draws also large quantities of raw cotton from the United States. Aside from this Japan's imports from the United States and Europe include chiefly iron and steel manufactures, mineral oil, flour and leather. China's imports from non-oriental countries are chiefly cotton goods, kerosene oil, and manufactures of iron and steel; and this is true also of Hongkong. Australia's imports, of which forty-nine per cent. are drawn from the United Kingdom and 13.5 per cent. from the United States, are chiefly manufactures of iron and steel, agricultural implements, cotton goods, clothing, boots and shoes, lumber and oils; and this is also true of New Zealand. On the west coast of South and Central America the principal imports, whether from the United States or Europe, are iron and steel manufactures, cotton goods, coal, lumber and mineral oils.

The total exports of the countries in question are about equal to the imports, approximating two billion dollars annually; but the share thereof sent to the United States is about fifteen per cent., as against ten per cent. of their imports drawn from the United States.

A Neglected Source of Business

Seattle, Wash., March 10, 1913.

Editor Bankers Magazine:

Sir: In a recent issue of The Bankers Magazine there appeared an account of how a certain bank had conducted a personal canvass among the residents of the district in which it was located. I would like to suggest a field which, in so far as I can gather, is one entirely lacking the attentions of the banker, and I will relate my personal experience, not as one associated with any bank, but as a common laborer.

Consequent upon a streak of ill-luck, I was obliged last November to take employment in a construction camp in the State of Washington and had perforce to live in the customary canvas and lumber bunk house. During the four months I worked on this job there passed through our bunk house some thirty or forty men of various occupations and nationalities. These men, out West, have formed very gregarious habits, coming and going just as the spirit, the weather or the state of their finances permit them. Some never remain longer than three weeks, some return to town when their stake totals $20, whilst others see the job through.

As to what the hoboes and their kind do with their earnings is of but little moment, but what of the men who lift from $80 to $200 per month, what becomes of their earnings? The conversations of an evening round the stove frequently turned "inter alia," upon the experiences of the past in many different towns throughout the States, and from these reminiscences I gleaned much information as to who it is that takes care of their money. The almost universal practice is to make for some old haunt in the nearest town, and slamming down a $10 or $20 bill upon the counter, cry out, "Drink it up, boys; there is plenty more where that came from." The bar-tender is instructed to keep the change, and frequently when the old-timer is getting hazy, he hands over the whole of his pay to that most careful of caretakers. After that, the usual thing—a night of revelry, or, if the drink be druggea, of heavy sleep. The following morning, or maybe the next day, a weary tramp back to camp on two bits borrowed from that same bar-tender.

It seems almost incredible to me, a mean and thrifty Scotsman, that these men actually carry about with them several hundred dollars in cash. One man dropped $400 in two weeks, another $200 in two days, and yet another $170 in one night. When I questioned these men as to the wherefore of it all, their long and arduous hours of labor in the snow and rain, the overtime during the cold nights with the thermometer at zero, all just to hand it over to some bar-tender or to be spent in dissipation, the reply was always one of surprise as to what else one could do with it, and when I suggested banking it or banking the one-half and "busting" the other, there always seemed to be a blank wall of not understanding. They had never banked it before, never thought of it, their mates never did it, and besides, where was the use, for one never knew if the banks got it whether one would ever see it again—memories of 1907 doubtless gleaned from friends and relatives.

Now, sir, doubtless these moneys or credits do ultimately find their way to the

banks, but it seems to me that the bank which will first make an attack upon these construction and lumber camps will increase the number of depositors very considerably and will prove a benefactor not only to the workers themselves, but also to the moral tone of some of these western towns.

At this camp there was normally some 500 men employed and the average wage might be taken at, say, $3 per day, varying from $2.50 and $2.75 for laborers to $5, $6 and $7 for steel workers, steam shovelers, etc At the end of four months this would total up to $180,000, surely a sum worth the seeking.

Picture the camps where 4000 men are employed. I suggest that a distribution of simple, easily read, readily absorbed literature, concise, not minced in any way, but to the point, blurting out such words as dives, bar-tenders, saloons, etc., would catch their attention; show them the advantage of saving something, if only half their month's pay, if they must have a plunge after their enforced celibacy and abstinence from drink and revelry; appeal to their idea of the possibility of marriage, of settling on the land, of buying a town lot or of taking a trip round the world. Curiously enough, it was this last, or a trip to Europe, which I found appealed to them most. If this could be followed up by a lecture in the cook house, I am convinced that practically the whole camp would attend, for they would turn out even to hear a preacher and sing psalms, if such would ever venture out to address them, if only from the charm of novelty. It would, however, be preferable that the speaker should be capable of talking to them in the language to which they are accustomed, and to talk to the point.

I venture to say that quite a large proportion of them would open accounts if the facilities were provided ready to hand, for the workingman is wonderfully open to suggestion, and in my alien view the American workman is especially tame in this regard. Yours faithfully,

F. B. SINCLAIR.

New Fellows of the American Institute of Banking

FOLLOWING is a list of newly-elected fellows of the American Institute of Banking, the banking connections of the new members being given where known:

John Dane, Hibernia Bank and Trust Company; R. H. Palfrey, Canal-Louisiana Bank and Trust Company, New Orleans.

H. E. Hebrank, Union National Bank; J. Howard Arthur, assistant cashier, Peoples National Bank, Pittsburgh; Adrian J. Grape, Commonwealth Bank, Baltimore.

R. H. Bean, National Union Bank; L. A. Frost, Shawmut Commercial Paper Company; Perceval Sayward, Boston Safe Deposit & Trust Company; H. E. Stone, Second National Bank; A. O. Yeames, Suffolk Savings Bank; R. A. Whittier, National Shawmut Bank, Boston.

John W. Rubecamp, Corn Exchange National Bank; H. S. Smale, Continental and Commercial National Bank, Chicago.

J. P. H. Brewster, German National Bank, Cincinnati.

G. A. Askling, First National Bank, Denver.

Irving H. Baker, First National Bank, Detroit.

J. H. Daggett, First National Bank, Milwaukee.

A. W. Hudson, vice-president Empire Trust Company; W. C. Hutton, New York Produce Exchange Bank; G. P. Kennedy, Jefferson Branch, Century Bank; G. L. Pegram, Metropolitan Bank, New York.

F. C. Eves, West Philadelphia Title and Trust Company; W. A. Nickert, Eighth National Bank, Philadelphia.

Fred Mutschler, assistant cashier National Bank of Commerce; F. M. Simpson, Genesee Valley Trust Company, Rochester.

Charles R. Mabey, Bountiful State Bank of Utah, Salt Lake City.

W. B. Kramer, Lackawanna Trust and Safe Deposit Company, Scranton.

R. H. MacMichael, bond manager Dexter Horton National Bank, Seattle.

C. H. Doing, Jr., Washington Loan & Trust Company, Washington.

A. M. Dickerson, Chattanooga.

W. H. Finley, Cleveland.

Edwin T. Schenck, Jacksonville.

C. E. Searle and George E. Struthers, Minneapolis.

F. L. Ramos, New Orleans.

A. E. Caldwell, R. D. Corlett, J. Davidson, J. E. Gustafson, L. H. Heacock, R. K. Johnston, H. A. Merrill, S. C. Scott, Oakland, Cal.

Frank Delaney, St. Paul.

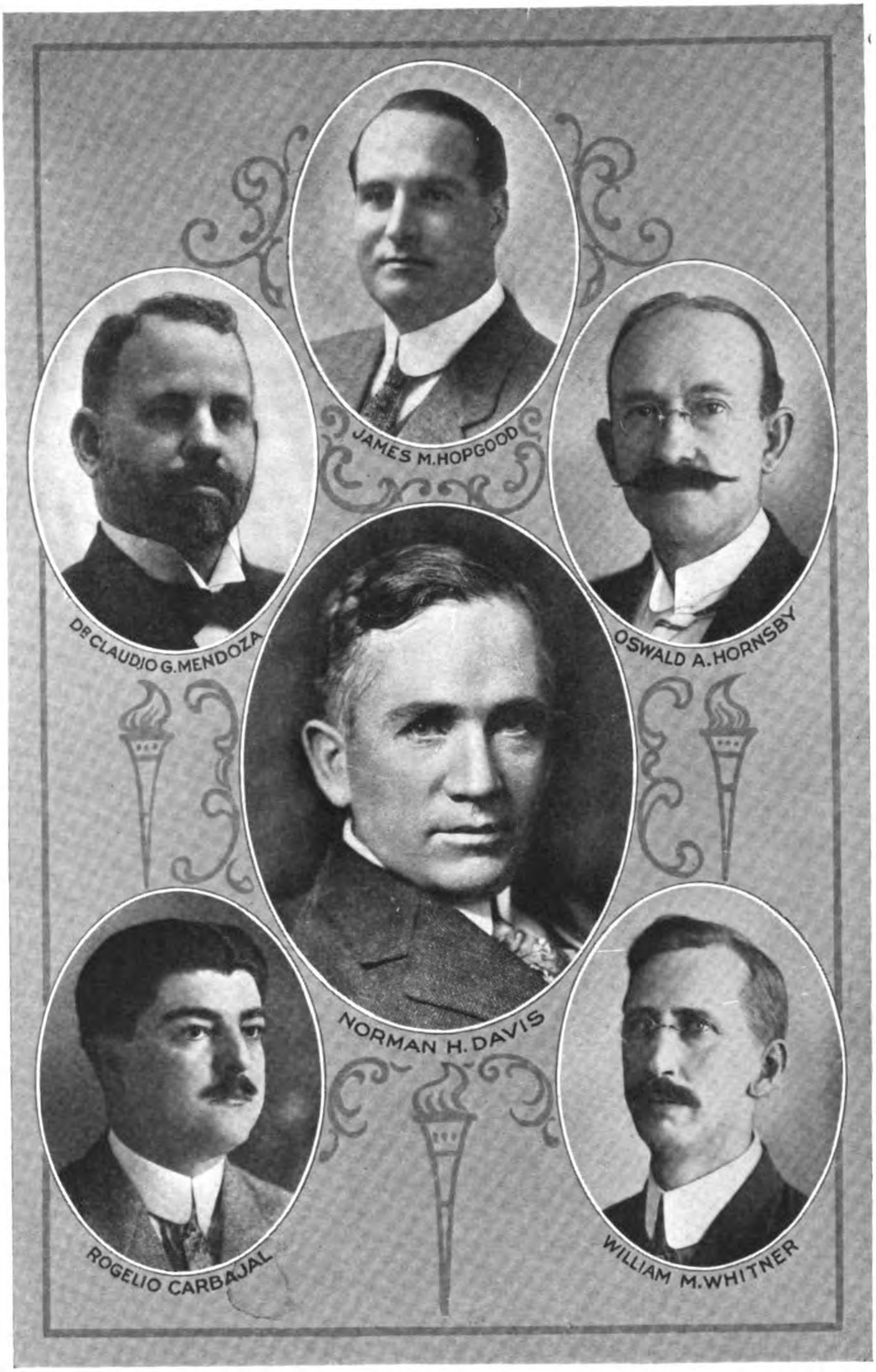
MAIN FACADE, TRUST COMPANY OF CUBA, HAVANA

Trust Company of Cuba's New Building

A FITTING evidence of the success of the Trust Company of Cuba under the management of President Norman H. Davis and his associates is afforded by the splendid modern building of which the company took possession on February 25.

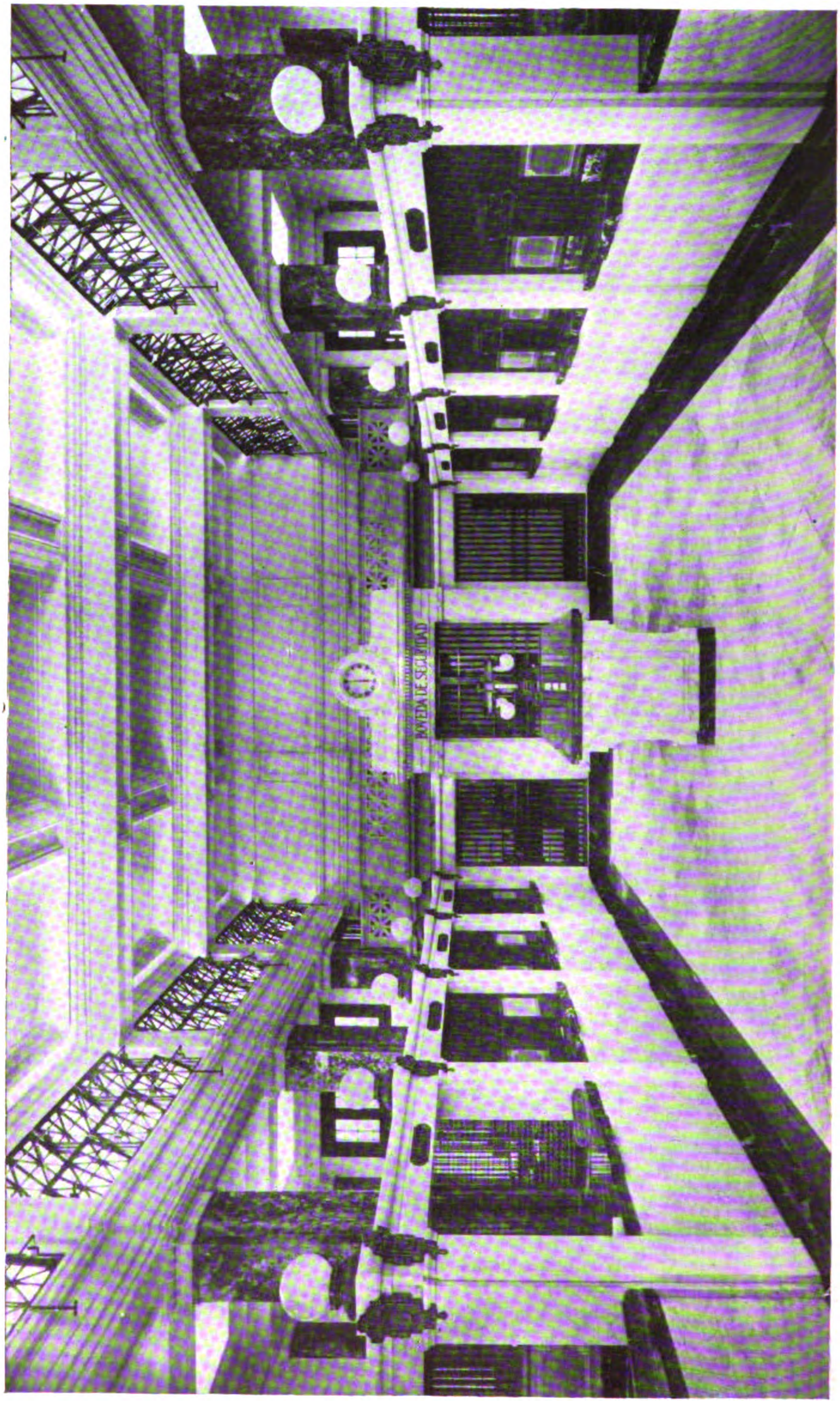
The Trust Company of Cuba, organized at Havana in 1905, was the first institution of its kind in the country, combining as it does the functions of a trust company with ordinary banking operations—a type of institution that had already achieved remarkable success in the United States.

From the beginning the Trust Company



Officers of the Trust Company of Cuba, Havana

NORMAN H. DAVIS, PRESIDENT
DR. CLAUDIO MENDOZA, VICE-PRES. AND ATTY.
JAMES M. HOPGOOD, TREASURER
OSWALD A. HORNSBY, VICE-PRESIDENT
ROGELIO CARBAJAL, SECRETARY
WILLIAM M. WHITNER, MGR. REAL ESTATE DEPT.



GENERAL VIEW OF MAIN BANKING ROOM, TRUST COMPANY OF CUBA, HAVANA

of Cuba prospered, so that at the date of the first balance sheet at the close of December, 1906, it was possible to pay a dividend of five per cent. and to place $6,500 in the reserve fund. Since then the dividend rate has been raised to six per cent. and the reserve fund has gradually grown to $150,000.

An idea of the substantial progress made by the Trust Company of Cuba is afforded by the accompanying table, showing the capital, surplus, deposits and total assets at the end of December of each of the years named:

	1906	1907	1908	1909	1910	1911	1912
Capital	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
Surplus	6,500	22,000	40,000	60,000	80,000	105,000	150,000
Deposits	155,900	350,000	382,500	533,900	527,400	4,140,600	4,442,100
Total assets..	$697,700	$1,008,600	$1,180,200	$1,264,300	$1,126,200	$4,855,400	$5,291,600

tion is attracted to the immense rolling doors of solid bronze, which stand open in the daytime, admitting a view of the whole interior of the banking room. Here one cannot help but pause for a moment as the white marble finish which predominates comes into view. It is an invitation to enter. The first impressions of the passing observer are fully justified as the entry is effected through the spacious vestibule, with its floor of brown, green and white marble artistically laid out in geometrical design. White marble, known as English vein, the predominating finish in the banking room,

The directors whose management is responsible for this record of success are: Norman H. Davis, president; Claudio G. Mendoza, attorney and vice-president; Oswald A. Hornsby, vice-president; Manuel Otaduy, representative Transatlantica Steamship Company and sugar planter; Frank Bowman, merchant; Regino Truffin, capitalist and sugar planter; F. J. Sherman, assistant general manager Royal Bank of Canada; Rufino Eterna, cashier Transatlantica Steamship Company; Robert M. Orr, general manager United Railways Havana; Pedro Rodriguez (Zarraga & Co.), banker and sugar planter.

The figures quoted and the handsome and substantial home now occupied by the Trust Company of Cuba—all the result of about seven years' work—are an excellent witness to the confidence enjoyed by these gentlemen and demonstrate their practical financial capacity.

The New Building.

As will be seen from the illustrations presented herewith, the new building of the Trust Company of Cuba is of an imposing type, and in design, construction and equipment conforms to the best models of modern bank buildings.

From its foundations to its specially designed roof, which is intended to afford protection from the hot rays of the summer sun, the construction is of reinforced concrete, and every precaution has been taken to make the building fireproof. The front of the building is beautifully designed, following the Greek Ionic style. It is constructed from caen stone, which is hard to work, and is the first that has been employed in building operations in the island. The facade is finely cut from the same material and the finished work in position has been pronounced the best in Cuba. The stone comes from San José, Artemisa and Guanajay.

As one approaches the building the atten-

accentuated by various others, such as verde antique, a rich green, and Blanco P, another grade of white used in the pilasters and caps of the wainscotings, as well as the heavy green marble columns which support the ceilings, lend an appearance at once clean and delightfully pleasing. No attempt at display is apparent in the plain, square outlines, and yet one is charmed by the delicate richness which meets the eye in every direction. This view from the entrance through the huge portico discloses one of the most beautiful and tastefully arranged banking-rooms in Cuba and one which, upon closer inspection, reflects great credit upon the company as well as upon those who were intrusted with the design and construction of the building.

The main story of the building is devoted entirely to the banking and routine offices. The floor is of brown terrazza, polished.

A feature of the bank is the magnificent bronze grills and fixtures, which are arranged with charming effect. Surmounting each of the marble pilasters which support the grill work of the tellers' cages are electric light fixtures mounted upon bronze cartouches. In the centre of the customers' room is the massive marble check desk. The receptacles for stationery are of solid bronze and in the ends of the standards are automatic calendars, which are conveniently changed from day to day. The table is of green marble, supported upon white pedestals of the same material. Near it is the customers' rest bench of solid mahogany, the whole harmonizing with the simple beauty of the interior. The gates leading into the offices of the bank from the main room are bronze and swing on patent pneumatic hinges of bronze, which make it impossible to slam them. A large bronze clock in the rear of the room, supported in a white marble arch, breaks the straight lines of the tellers' cages, and just below it the heavy grill work shows the massive vault behind. As this vault is the first one of its

kind erected in Cuba, a description of it will be found of interest.

The circular door is provided with a mechanism for closing that is perfection itself. It is composed of a series of levers, and gives the public a good idea of the great progress that has been made in everything that goes to provide absolute security and protection against the schemes and arts of the modern thief with his electric drills and acetylene torches.

Another point worthy of mention in the construction of this special vault is the manner in which the reinforced steel around the structure is placed and the steel reinforced angles and corners, which cause it to be an absolutely rigid mass capable of resisting the strongest earthquake. This vault, both in the interior and exterior, is finished with burnished and nickeled steel plates, which greatly enhance its appearance and at the same time give convincing evidence of its great strength and solidity, while harmonizing with the other magnificent furnishings of the banking house.

The mechanism for the closing of the door consists of quadruple movement Yale and Towne time lock up to seventy-two hours and two combination bronze bolts of the most perfect design manufactured.

The time locks are made with the precision of the most exact chronometer, mounted with special levers, which are proof against any jar and proof against dynamite or other kind of explosion. The hinges of the door are so nicely adjusted that notwithstanding it weighs twenty tons, it can be easily moved by a child. When the door is closed it enters in its place with such perfection that it is impossible to introduce liquid powder or explosives of any kind, as the vault is hermetically sealed.

The great utility of the safe-deposit vaults in affording a place for the safe keeping of securities and other valuables is apparent, and they have proved an attractive feature in bringing additional business to the banks installing them.

Beside the vault is the archive safe, in which the bank's papers are kept for safety from fire. Its heavy double doors and general fireproof construction have almost as much interest for the observer as the ponderous doors of the big vault adjoining.

The wood work in the building is solid mahogany throughout and the handsome office of the president and directors is a model of neat and luxurious simplicity. In fact, every effort toward making the building a true index to the character of the substantial institution it houses has been made.

Services of the Company.

Besides doing a regular deposit and discount business, issuing letters of credit, making collections, buying and selling exchange, receiving savings deposits—and in short carrying on all the usual banking operations—the Trust Company of Cuba does a trust company business also, including in its sphere of activities the preparation and custody of wills, the duties of executor and trustee of wills and legacies, the collections of rents and dividends, the payment of taxes, the renewal of insurance, the distribution of rents and incomes, the investment of funds, and serving as trustee for institutions and individuals.

The Trust Company of Cuba has also a department of real estate for the sale and purchase of lands, and this branch of the business has developed to large proportions.

It will be seen that the various facilities afforded by the Trust Company of Cuba excellently equip the institution for safe and convenient service to the public.

The financial position of the Trust Company of Cuba (in terms of United States currency), as of December 31, 1912, appears in the accompanying balance-sheet, bearing the certification of Messrs. Haskins & Sells:

ASSETS.

Cash in vaults and in banks.....		$867,211.14
Bonds and shares		199,396.36
Loans, Discounts, etc.		1,610,053.96
Real estate		21,331.33
New bank premises		112,032.43
Furniture and fixtures...........		12,566.05
Trust department:		
Due from banks	$2,196,653.12	
Bonds and shares..	102,634.84	
Loans and investments	169,797.14	
		2,469,085.10
Total		$5,291,676.37

LIABILITIES.

Capital		$500,000.00
Surplus		150,000.00
*Undivided profits		29,140.25
Unpaid dividends		633.00
Deposits:		
Demand	$1,943,937.98	
Time	198,880.04	
Trust	2,196,653.12	
Trust, securities, loans and investments	272,431.98	
		4,611,903.12
Total		$5,291,676.37

Officers of the Company.

Norman H. Davis, president of the Trust Company of Cuba, was born in Tennessee in 1879. He attended Vanderbilt University and afterwards took a course in law at Leland Stanford Jr. University. About ten years ago he came to Havana, becoming widely interested in Cuban commercial development.

Mr. Davis organized the Trust Company

*Deduct semi-annual dividend, $15,000.00, payable January 6, 1913.

PRESIDENT'S OFFICE, TRUST COMPANY OF CUBA, HAVANA

of Cuba in 1905, becoming active head of the organization as vice-president. Upon the retirement of Dr. J. A. Gonzalez Lanuza, the first president, he was elected to the presidency and has been at the head of the directorate since that time. Since the organization of the company Mr. Davis has maintained an active supervision over its affairs, and is looked upon as one of the most influential American business men in Cuba.

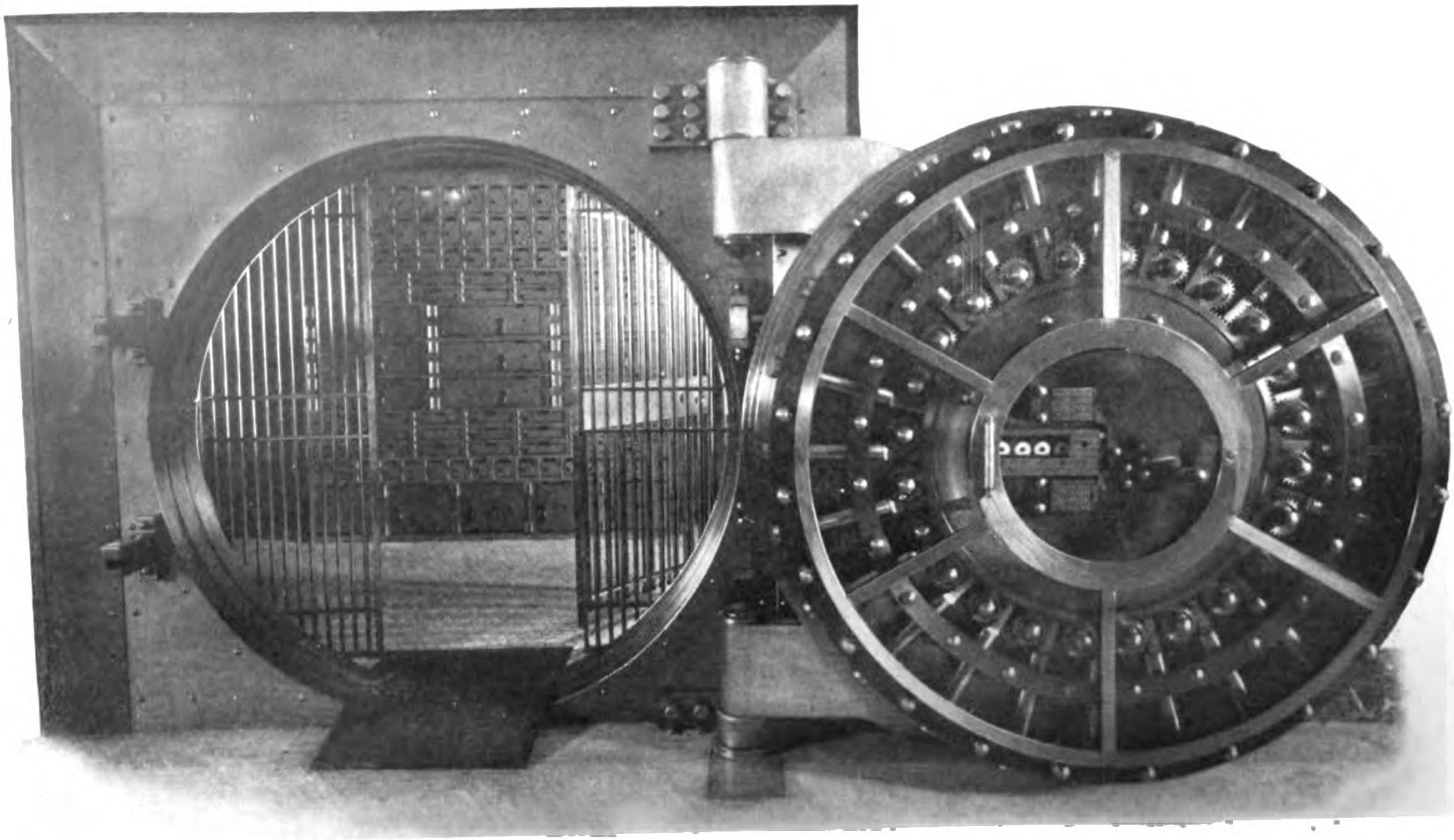
Oswald A. Hornsby, vice-president of the Trust Company of Cuba, is one of the original organizers of modern banking in Havana. He came to Cuba in 1900 as one of the joint managers with F. J. Sherman for the Royal Bank of Canada. His training has been most thorough, he having entered the service of the Royal Bank as a messenger in Charlottetown, Prince Edward Island, and served faithfully for many years, rising to the positions of manager and inspector. When the New York branch of the same institution was organized he was transferred to that city, from where he came to the managership in the Havana branch.

His work in this department with Mr. Sherman was practically the making of the local branch of the Royal Bank of Canada. He negotiated the contract with the Palma Government for The Royal Bank of Canada, naming said bank as depository and disbursing agent for the second payment of $35,000,000 to the Cuban soldiers of the War of Independence. Immediately following the consummation of this deal he severed his connection with the Canadian institution, in 1905, to assist in the organization of the Trust Company of Cuba, becoming its vice-president.

Dr. Claudio G. Mendoza, vice-president and attorney of the Trust Company of Cuba, was born in Havana, October 7, 1861, and is a descendant of a long line of honorable and distinguished Spaniards. As a youth he attended school in New York, but returned to his native city in 1879, where he entered the University of Havana as a law student. He received his degree in 1883 and later attended the University of Madrid, where he distinguished himself in his studies.

Dr. Mendoza has been closely identified with the commercial and political life of Havana during the thirty years of his legal practice and is a legal adviser and attorney for many important corporations and civic bodies. Besides his connection with the Trust Company of Cuba he is attorney for the Royal Bank of Canada, N. Gelats & Co., Bankers, and many large and prominent American corporations and firms. For two successive years he was elected Dean of the Bar Association of Cuba.

James M. Hopgood, treasurer of the



A GLIMPSE OF THE INTERIOR OF THE SAFE DEPOSIT VAULT, TRUST COMPANY OF CUBA, HAVANA

ENTRANCE TO VAULT, TRUST COMPANY OF CUBA, HAVANA

Trust Company of Cuba, received his early training in the service of the Royal Bank of Canada at Halifax, Nova Scotia, holding many positions of responsibility with that institution. He came to Havana in 1905 as accountant for the Galiano Street branch of the same bank and the following year joined the Trust Company of Cuba. Mr. Hopgood is a native of Halifax, Nova Scotia.

Sr. Rogelio Carbajal, secretary of the Trust Company of Cuba, is a Cuban by birth and has been in the service of the institution for many years. He received special training in the legal department and is particularly well fitted for the position which he occupies. He has under his care the many deeds and legal documents which the bank carries.

William M. Whitner, manager of the real estate department, is a native of Florida, and during the four years prior to his first employment in Cuba was employed in banking institutions in the United States. In 1898 he came to Havana and served as chief clerk for the military Division of Cuba with the General Quartermaster Department, remaining throughout

SAFETY DEPOSIT VAULT, TRUST COMPANY OF CUBA, HAVANA

the first intervention. From 1902 to 1908 he had charge of construction work for the War Department in various districts and was engaged in the real estate and insurance business on his own account. With the second intervention, Mr. Whitner returned to Cuba and was engaged in special work for the Quartermaster Department, traveling throughout the islands of Cuba and Porto Rico, and was for a time Chief of Office for Major F. S. Foltz, while governor of the Province of Havana and supervisor of the municipal police.

He became connected with the Trust Company of Cuba in 1909 as manager of the real estate department, and of the General Fire Insurance Agency for the Island of Cuba.

New Counterfeit $10 National Bank Note on the Marine National Bank of Buffalo, N. Y.

SERIES of 1902; check letter "F"; J. W. Lyons, Register; Ellis H. Roberts, Treasurer; charter number 6184; bank number 39148; Treasury number V355370; portrait of McKinley.

This counterfeit is a crudely executed photo-mechanical production on paper of fair quality containing no silk threads. The seal and numbering have been colored with pen or brush, the original photographic impressions being discernible beneath the color.

The counterfeit is so poor that it should not deceive the ordinarily careful handler of money.

HON. LAWRENCE O. MURRAY

FORMER COMPTROLLER OF THE CURRENCY; PRESIDENT UNITED STATES TRUST CO., WASHINGTON, D. C.

After five years of efficient service as Comptroller of the Currency, Hon. Lawrence O. Murray has retired from that important office and accepted the presidency of the United States Trust Company, Washington, D.C. Mr. Murray became Deputy Comptroller of the Currency in 1898, but in the following year resigned, engaging in banking first in New York and later in Chicago. In 1904 he was appointed Assistant Secretary of the Department of Commerce and Labor. He became Comptroller of the Currency April 28, 1908. His record in this position is one of the highest efficiency.

European

BANK OF ADELAIDE'S NEW PREMISES IN LONDON.

IN the accompanying illustration is shown the facade of the new building of the Bank of Adelaide, 11 Leadenhall street, London, E. C.

This building has been erected on the site of the old premises occupied by the Bank of Adelaide since 1895.

The basement rear wall of the old premises at one time formed part of a vault in which the "Press Gang" kept their men until such time as it became convenient to send them into the Port of London.

The original gate, now fastened up, can still be seen in the railings of the Old East India House adjoining.

The old premises were vacated on January 16, 1912, and the new premises, as now seen, opened for business on September 16 last, the rebuilding having occupied but seven months.

The new premises comprise four floors, the fourth being occupied by the resident housekeeper.

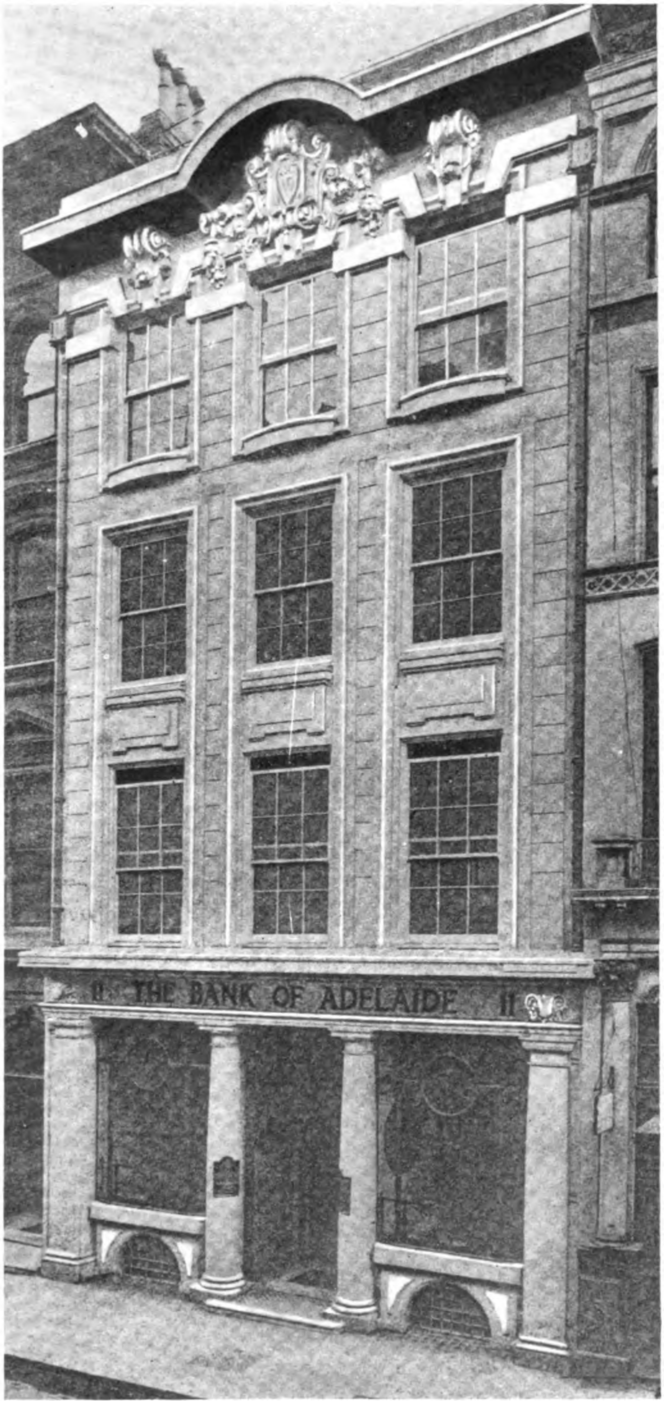
The third floor consists of one large room about forty-five feet by twenty-eight feet, to be used for storage, stationery, etc.

The second floor consists of two large front and back rooms, used respectively as a visitors' and a reserve room.

Lavatory accommodation has been provided throughout upon all floors.

The first floor is occupied by the correspondence staff and board room. The correspondence room, about forty-five feet long by twenty-eight feet wide, is well lighted from both ends. The necessary wall finishings cannot be completed at present owing to the new brickwork being insufficiently dry. The board room, measuring thirty feet by twenty-four feet, is well-proportioned and panelled in wax polished Austrian oak. The carving on fireplace is in Australian beechwood representing various Australian produce and flowers, etc., the ram's horns having been worked into design for corbel under clock shelf.

The ground floor, which is used for general banking purposes, extends for a depth of about ninety feet back from the pavement, and was somewhat difficult to arrange owing to the narrowness of the site. However, the plan adopted of placing the cash desks and bill department upon either side of a central passageway, with manager's room and securities department at rear, seems to afford a satisfactory solution to this most important problem. The central position of the staircase, fitted with full automatic push button safety lift, and lighting area in centre of building afford excellent light and ventilation throughout. The walls of the banking hall have been lined with second statuary marble by the Art Pave-



LONDON OFFICE OF THE BANK OF ADELAIDE

ments and Decorations, Ltd., who also executed the "Hopton Wood" Stonework to entrance lobby and the mosaic paving throughout, together with stair treads and landings. These are fitted with small tiles made of Carborundum which afford excellent foothold. The fittings throughout the banking hall are in Honduras mahogany; the iron counter grilles being those used in the former premises. The wrought-iron grilles on staircase and the domed lantern have been carried out by Messrs. Weldon & Co., Ltd., of Croydon, the latter being constructed of lead and steel with wire wove fire-resisting glass, with heating coil returned round inside dome.

The basement is used entirely for strong rooms, safes, etc., and staff lavatories, with the exception of storage reserve. It is lined throughout with glazed brickwork. An especially large electric book lift, capable of carrying [illegible]een hundredweights, communicates at a convenient point with the ground floor.

The front has been built in Portland stone facings, while the rams' heads in frieze over the ground floor are intended to typify Australia. The red letters over the entrance are in vitreous enamel upon copper. The total height of front above pavement is sixty-three feet six inches, exclusive of roof.

The building is of fire-resisting construction throughout, all steelwork being cased in concrete, and the floors and roofs constructed of steel and concrete. All brickwork being in cement mortar throughout, lime being used for plastering only.

The Bank of Adelaide was incorporated by act of Parliament in 1865. Its head office is at Adelaide, South Australia. Its paid-up capital is £500,000; reserve fund, £460,000; uncalled capital, £125,000, and reserve liability of shareholders, £625 (the authorized capital being £1,000,000). The bank has numerous branches in

South Australia, and agents and correspondents in all the principal parts of the world. A. G. Downer is chairman of the board of directors and John Shiels, manager. The manager of the London office is Percy Arnold.

NEW RUSSO-BULGARIAN BANK.

THE scheme for the establishment of a Russo-Bulgarian bank, according to Odessa correspondence, is now about to take concrete form. M. Kokovtseff, the Premier and Minister of Finance, has expressed his approval of the project, and the statutes of the new financial and trading combination are under elaboration. The Russian headquarters of the bank will be in Odessa, and the Bulgarian chief office in Sofia. Numerous affiliated branches will be established in southern, southwestern and central Russia and in many of the Balkan chief centers. It is expected that the Russo-Bulgarian bank will contribute materially to a considerable extension and development of the export and import trade between Russia and the Balkan States.

EXTENSION OF BANKING FACILITIES AT HUDDERSFIELD.

FROM the American consul at Huddersfield, England, comes the following:

The prosperity of Huddersfield, the Colne Valley and other adjacent textile-manufacturing districts is seen in the apparent demand for increased banking facilities and the erection of new bank buildings in Huddersfield. The Bradford District Bank (Ltd.) will soon complete in this city the erection of a four-story bank and office building on Market and Westgate streets. This building is constructed of stone, brick and reënforced concrete, with steel girders and roof frame, and will have all the modern conveniences of electric lighting, steam heat and elevator. This lift will be the first one to be in use in this city.

On the corner of Westgate and Market place the West Yorkshire Banking Company has recently laid the foundation stone of a building which, when completed, will be one of the finest bank and office buildings in the district. This building also is to be constructed of steel, stone and reënforced concrete, and will have all the modern conveniences. This banking company has also recently opened a branch at Milnsbridge, in the Colne Valley district, to meet the demands of the growing business of that section, as it will be so situated as to accommodate Golcar, Linthwaite and Longwood.

Australasian

AGRICULTURAL BANK CAPITAL INCREASE.

THE Government of Western Australia is increasing the capital of the Agricultural Bank from $14,599,500 to $17,032,750 to meet the demand for money for agricultural development in new districts. Interest is to be increased from five per cent. to six per cent. for all advances other than clearing.

CHARGES ON SMALL ACCOUNTS.

FOLLOWING the example of the new Commonwealth Bank, says the "Insurance and Banking Record," some of the banks carrying on business in Sydney have decided to modify the rule as to the half-yearly charge of 5s. for keeping an account. Whereas it has been the practice to charge this fee to every customer, and for every account, it will now only be charged upon such accounts as may fall below £50 in credit during the half-year, but upon advance accounts no charge will be made. The banks are not in line in this matter, some regarding it that the charge as it has hitherto been made is

a reasonable one, and, further, that there is now no valid reason for making a change.

NEW CURRENCY.

MACHINERY for printing Australian notes, which form of money has hitherto been issued in London, has arrived in Melbourne. A commencement is to be made with the ten-shilling notes, and these will be printed at the rate of about 8,000 a day at the outset, working up to about 14,000 a day. The ten-shilling note has a picture of the Goulburn Weir on the reverse side, and all the other notes of the series bear characteristic pictures of Australian life and industry.

According to a statement made by the Secretary to the Federal Treasurer, Australia will soon have nickel pennies and halfpence. A communication has been sent to the imperial mint authorities asking them to submit designs for the new coins. It is explained that the penny piece is to be about the size of a shilling and the halfpenny about the size of a sixpence. The possibility of mistaking the nickel coins for silver will be obviated by having a scalloped edge on the coins of the smaller denomination—a plan that has been followed in regard to the Indian anna piece. The alloy for the coins will be seventy-five per cent. copper and twenty-five per cent. nickel.

FIFTY YEARS OF BANKING SERVICE.

ON February 14, Mr. J. Russell French attained to fifty years of service with the Bank of New South Wales, Sydney, of which he is now general manager. This occasion was not allowed to pass unnoticed by his associates. His arrival at the bank on the date mentioned was greeted by the senior officers, and cheers from all the staff were heartily given. To this greeting Mr. French replied in an appropriate speech.

During the day he was in receipt of hundreds of telegrams of congratulation not only from all parts of Australia but from beyond the seas.

In 1872 Mr. French was appointed to the inspectors' staff in New Zealand, while in 1887 he was appointed as inspector at the head office in Sydney. He became chief inspector in 1891, and general manager on July 1, 1894, upon the retirement of Mr. George Miller.

INCREASE OF CAPITAL.

DIRECTORS of the National Bank of New Zealand, Limited, have issued 100,000 new shares of £7 10s. each, to be paid up to £2 10s. each at a premium of £1 5s. each.

The issue will add £250,000 to the paid-up capital and £125,000 to the re-

J. Russell French

GENERAL MANAGER BANK OF NEW SOUTH WALES, N. S. W.; PRESIDENT INSTITUTE OF BANKERS, NEW SOUTH WALES.

serve fund of the bank, raising the former to £750,000 and the latter to £625,000.

Asiatic

HONG KONG AND SHANGHAI BANK.

THE report of the directors of the Hongkong and Shanghai Banking Corporation for the half-year ended December 31 shows that the net profit for that period, including $1,960,288 balance brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts, amount to $5,081,485. The directors recommend the transfer of $200,000 from the profit and loss account to credit of the silver reserve fund, which fund will then stand at $17,200,000.

SECURITY FOR CHINESE LOAN.

SECURITY for the $30,000,000 loan to China by English French, American and German capitalists for the construction of the Hukuang Railway, the work on which is to start immediately, will be the railway itself, it is said, until the reorganization of the likin duties is completed. The original contract, which was signed on May 20, 1911, provided that the loan should be secured by various likin revenues, which were suspended by the revolution. No work was done on the railway, although preliminary surveys were made. The English, German and American engineers are now ready to begin work on all three sections simultaneously in accordance with the contract.

Latin-America

LATIN-AMERICAN COMMERCE AND SHARE THEREOF WITH THE UNITED STATES.

EXPORTS from the United States to Latin-America will approximate one million dollars for each business day of the current fiscal year, or practically three times as much as a decade ago. Returns thus far received and compiled by the Statistical Division of the Bureau of Foreign and Domestic Commerce indicate that the value of merchandise exported from the United States to Latin-America in the fiscal year 1913 will approximate 325 million dollars, against 115 million in 1903. The share of our exports now sent to Latin-America is over thirteen per cent., as against eight per cent. in 1903. Meantime the imports from there have doubled, the figure for 1903 having been 226 million dollars, against an estimate of 460 million in 1913. The share which merchandise from Latin-America forms of the imports into the United States was,

in 1903, twenty-two per cent.; and in the current year, about twenty-six per cent.

While exports from the United States to Latin-America show a marked increase, the share which they form of the total imports of that area (Mexico, Central and South America, Cuba, Haiti and Santo Domingo) has not increased in recent years. Figures compiled by the Department of Commerce, showing the imports of Latin-American countries in 1905, indicated that the share of such imports then drawn from the United States was 26.7 per cent. A similar statement made in 1911, representing in most cases the year 1909, showed that the share of the imports then drawn from the United States was but twenty-four per cent., while the latest figures available, representing in most cases those of 1911, indicate that the share of the imports of Latin-America drawn from the United States was but twenty-three per cent.

The proportion which the United States supplies of the imports of the respective Latin-American countries varies greatly and is apparently determined largely by proximity and facilities for direct intercommunication and transportation. Mexico, for example, drew in 1912, fifty-four per cent. of her imports from the United States; Nicaragua in 1911, the latest available year, drew fifty-five per cent.; the other Central American States, from thirty-five to seventy-five per cent.; Venezuela, thirty-one per cent.; Colombia, twenty-nine per cent.; Cuba, fifty-two per cent.; Santo Domingo, fifty-nine per cent.; and Haiti, eighty-four per cent, these figures being in each case for the latest available year. To those sections of South America which are more distant and supplied with more frequent opportunities for communication with Europe than with the United States, the share which we supply of the imports is much smaller, being in the case of Brazil, eleven per cent.; Argentina, fourteen per cent.; Uruguay,, thirteen per cent.; Chile, twelve per cent.; and Paraguay, three per cent.

The total value of merchandise sent to Latin-America from the United States exceeds that supplied by any other single country. The figures of 1911, the latest year for which official statistics of the countries in question are available, show that the merchandise exported from the United States to Latin-America totaled 274 million dollars in value; from Great Britain to Latin-America, 249 million; and from Germany, 161 million. The percentage of growth, however, has been greater on the part of Germany than that of the United States, Germany's exports to Latin-America having grown from fifty million dollars in 1901 to 161 million in 1911, an ancrease of 222 per cent.; those of the United Kingdom, from 116 million to 249 million dollars, an increase of 115 per cent.; and those of the United States, from 119 million to 274 million dollars, an increase of 130 per cent.

The actual gain on the part of the United States was, however, greater than that of Germany or the United Kingdom.

Cuba, Argentina, Mexico, Brazil and Chile are the chief importers of merchandise from the United States, the relative value being in the order named, Cuba's imports from the United States in the latest available year being sixty-two million dollars; those of Argentina, fifty-one million; Mexico, forty-nine million; Brazil, twenty-nine million; Chile, sixteen million, and Peru, six million dollars.

BANCO MERCANTIL DE MONTERREY.

THIS institution, located at Monterrey, Mexico, and which is the official depositary for the State of Nuevo Leon, reported on March 31 last $2,500,000 capital, $363,142.26 reserve fund, $3,130,000 deposits, and $9,861,047.29 total resources. Jose L. Garza is manager and E. Miguel cashier.

CHANGE IN LAW AFFECTING PANAMA BANK.

ACCORDING to the "Gaceta Oficial" a law passed by the assembly on the seventh and signed by the President on the ninth of February, 1918, provides that the net profits of the Panaman State Mortgage and Loan Bank, all of which have heretofore been paid into the Treasury of the Republic at the end of the year, shall be added to the capital of the bank in order to increase its funds, except for a fund equal to 4½ per cent. of the bank's capital, which shall continue to be paid into the Treasury.

SOUTH AMERICAN CONDITIONS.

THE report recently issued by the German Over Sea Bank, Berlin, discloses a net profit of $896,700, against $784,700, and proposes a dividend of nine per cent., as last year. The capital is now $6,000,000, having been increased by $715,000. The report deals with the state of trade in the various South American countries where the bank conducts business. It is stated that agriculture and cattle rearing were profitable in the Argentine last year, and exports were the highest on record. Prospects for the coming commercial year are satisfactory, though prices have weakened somewhat.

Commercial conditions in Bolivia are developing satisfactorily. The Arica-La Paz Railway will be opened to

traffic in a few months. All branches of Brazilian trade were brisk. The high coffee prices have materially improved the conditions in the coffee-planting States, particularly Sao Paulo. The three chief branches of Chilean trade—nitrates, copper and agriculture—have had a good year. Good crops were obtained and the new crop prospects appear favorable.

AMERICAN BANK NEEDED IN URUGUAY.

WRITING to the "Daily Consular and Trade Reports" on "Uruguayan Trade and Credit Methods," Nicolay A. Grevstad, the American minister at Montevideo, says:

"An hour with a banker in any of the South American cities would change many opinions that might have been formed and show to the American business man how little there is to teach and how much one can learn about matters affecting local conditions. And speaking of bankers, I have repeatedly had it shown me where an American bank could render large service to the export trade by the facilities it could furnish and by its familiarity with business firms and conditions in the United States. I think that I am correct in stating that of all the bank managers in Uruguay to-day not more than one has ever been in the United States.

"It is an undeniable fact that national sympathies are a powerful factor in the extension of South American trade with Europe, and the American exporter has to contend with this condition to his disadvantage."

BANKING IN ARGENTINA.

ONLY since 1906, says the New York "Journal of Commerce and Commercial Bulletin," have statistics been available in regard to the principal banking operations of the Argentine Republic.

From £65,000,000, which was the total of the deposits in 1906, they have climbed to £128,000,000 in November, 1912, the discounts from £61,000,000 to £132,000,000, and the cash on hand from £23,000,000 to £47,000,000. The capital stock of the banks has already passed the amount of £48,000,000.

(In Millions of Pounds Sterling)

	Deposits	Discounts & advances	Cash
1906	65.8	61.2	23.7
1907	68.3	66.7	26.8
1908	76.4	73.4	29.5
1909	101.0	91.5	41.2
1910	116.2	113.3	42.5
1911	120.0	127.7	42.4
1912 (Nov.)	128.0	132.0	47.1

The National Argentine Bank (Banco de la Nacion Argentina) has continued in considerable development, and is enjoying full prosperity. Within ten years the amount of its deposits has been increased fourfold and that of its discounts and advances fivefold. In 1903 the deposits scarcely amounted to £11,000,000, and to-day they reach the sum of £42,000,000. The discounts and advances have climbed from £6,000,000 to £35,000,000 and the cash on hand from £8,000,000 to

£21,000,000. Its reserve fund and its profits have increased in analogous proportions. The former amounted to £200,000 in 1903 and is to-day more than £2,000,000, while the profits have gone up from £67,000 to £690,000. The reserve fund is constituted in gold.

It is in December when the loan operations have the greatest growth, as a consequence of the immense sums which the bank furnishes for the harvesting of the crops. The amount of loans in November, 1911, was £33,000,000 and in the same month of 1912 £35,000,000, consequently that line of operation has had an increase of £2,000,000.

The amount of savings bank deposits reaches £14,000,000, of which £11,000,000 is distributed among 142 branches which the bank has in the provinces and territories. The greater part of these deposits is composed of small savings, since the maximum amount received by the bank under this head is £800.

The National Hypothecary Bank (Banco Hipotecario Nacional) has not been surpassed in growth. It does very valuable services throughout all the country, coöperating efficaciously in the development of business, industry and agriculture. Its new charter contributes toward the prosperity of the establishment. The Argentine "cedula hipotecaria" which is issued by this institution is much coveted in Argentina and in Europe where it is considered one of the best income bonds, because of the important real guarantees represented by the valuable properties on which the bank makes its loans, besides having the guarantee of the nation. The official appraisals are always much below the real value of the properties, and even then the bank does not lend more than forty or forty-five per cent. on the value of its appraisal. Actually the amount of "cedulas" in circulation has reached the sum of £38,000,000, being based on properties worth more than £87,000,000. The bank has a reserve fund of £3,000,000.

ARGENTINA'S PROGRESS.

EXAMINING a British consular report on Argentina, "The Economist," London, says:

Argentina, indeed, is one of the great economic facts of the age, as a perusal of the consular report may show. Two facts will illustrate her significance in the supply of meat and grain; the number of animals slaughtered by the Liebig Company alone has risen from 60,600 in 1905 to 205,000 in 1912, while in twelve years the area under wheat has expanded from under three million acres to nearly 15½ millions. Argentina supplies three-quarters of the linseed used by the world, and was expected to export 5,000,000 tons of maize in 1912, which would be a record. In four years the export of oats has more than trebled, and the figures for 1912 will be much higher than any previously known. Owing to recent

bad seasons the production of wheat is less than it was a few years ago, but the reports are now satisfactory, and the lost ground may soon be recovered. The population of the Republic is estimated at seven millions—a small figure for its vast territories. Buenos Ayres has now 1,314,000 inhabitants, and the death-rate is only 15.1, while the birth-rate is 34.3.

CORN EXCHANGE NATIONAL BANK

CHAS. S. CALWELL, PRESIDENT
H. N. WILLITS, JR., VICE PRESIDENT
THOS. J. JEFFRIES, VICE PRESIDENT
NEWTON W. CORSON, CASHIER

PHILADELPHIA March 27, 1913.

Mr. E. H. Youngman, Editor,
Bankers Magazine,
New York, N. Y.

Dear Sir:-

The page illustration, which you gave us in the Banking Publicity Section, was most attractive. I think that your Bankers Magazine is brimful of interesting matter and I make it a point to look over the articles each month. This is more than I can say for most of the other magazines which come to the office.

With kind personal regards, I remain,

Very truly yours,

Chas S Calwell
President

S

Publicity Managers Organize

REPRESENTATIVES of the publicity departments of leading New York city banks and trust companies have formed an organization, one of whose objects is declared to be "The study of bank and trust company advertising, with a view to the elimination of waste, the increase of efficiency and the furtherance and protection of the banking interests of New York city, and second, efforts to educate the public to a higher appreciation of the services rendered by the banks and trust companies generally."

Temporary officers of the new organization are: Chairman, E. B. Wilson, manager advertising department Bankers Trust Company; secretary, E. A. Bennett, assistant cashier American Exchange National Bank.

Among those present at the preliminary meeting were William J. Wason, Jr., Kings County Trust Company; J. T. D. Cornwell, Peoples Trust Company; John Williams, Broadway Trust Company; O. R. Judd and H. A. Dunn, Columbia-Knickerbocker Trust Company; Francis Henderson, Empire Trust Company; W. N. Vail, Lawyers' Title Insurance and Trust Company; R. R. Hunter and Carlton Bunce, Equitable Trust Company; A. H. Mars, Fidelity Trust Company; Horace Anderson, Title Guarantee and Trust Company; H. L. Servoss and L. Mershon, United States Mortgage and Trust Company; P. L. Watkins, United States Trust Company; N. W. Bricker, Coal and Iron National Bank; Pendleton Dudley, R. J. Fanst, Jr., and H. A. Marsland, Irving National Bank; Charles E. Meek, Fourth National Bank; F. R. Russell, National Bank of Commerce; W. B. Ward, Jr., National Nassau Bank; F. L. Hilton, Merchants National Bank; L. W. Knowles, Liberty National Bank; E. A. Bennett, American Exchange National Bank; W. E. Purdy, Chase National Bank; N. P. Gatling, Chatham and Phenix National Bank; Garrard Comly, Citizens Central National Bank; O. M. Jefferds, Seaboard National Bank; D. Nevius, Union Exchange National Bank; F. V. Baldwin and Edwin F. Miller, National Reserve Bank; W. M. Sawyer, National City Bank; E. B. Wilson, Bankers Trust Company; F. W. Ellsworth, Guaranty Trust Company.

Bankers' Conventions, 1913

American Bankers' Association, Boston, Mass., October 6 to 11.

American Institute of Banking, Richmond Va., September 17 to 19.

Alabama, Dothan, May 8 to 10.

California, San Diego, May 22 to 24.

Georgia, Macon, May 16-17.

Iowa, Des Moines, May 27-28.

Idaho, Weiser, June 5-7.

Kansas, Hutchinson, May 6-7.

Minnesota, Duluth, July 10-11.

Missouri, St. Joseph, May 20-21.

New York, Ottawa, Canada, June 12-13.

New Jersey, Atlantic City, May 8-9.

North Carolina, Asheville, July 8-10.

North Dakota, Grand Forks, June 11-12.

Oklahoma, Muskogee, May 8-9.

Pennsylvania, Pittsburgh, June 20-21.

South Carolina, Lake Toxaway, July 10-12.

South Dakota, Watertown, June 25-26.

Texas, Galveston, May 13 to 15.

Virginia, Old Point Comfort, June 19 to 21.

Washington, Bellingham, August 7-9.

West Virginia, Elkins, June 11-12.

For First Vice-President of the American Bankers' Association

AT the annual convention of the Tennessee Bankers' Association in session at Memphis on April 16, this resolution was passed:

Whereas, The American Bankers' Association, at the convention held at Detroit, Mich., September 10-13, 1912, amended Article III, Section 2, of the constitution to read as follows:

"During the period of one association year, after his term shall have expired, the chairman of the executive council shall not be eligible for re-election by the association to any other office; provided, however, that this shall not be effective until the year 1913."

Thereby changing the former custom of nominating the chairman of the executive council for first vice-president of the association and making it necessary to nominate some one other than the chairman of the executive council; therefore, be it

Resolved, That this association instruct its member of the nominating committee to support William A. Law, vice-president First National Bank, Philadelphia, Pa., for first vice-president of the American Bankers' Association at the election to take place at the convention to be held in Boston, Mass., October 6-10, 1913.

Before going to Philadelphia Mr. Law was president of the Central National Bank, Spartanburg, S. C., and was the first president of the South Carolina Bankers' Association. He has also been honored with the presidency of the Pennsylvania Bankers' Association.

W. A. LAW
FIRST VICE-PRESIDENT FIRST NATIONAL BANK, PHILADELPHIA

Value of a Central Bank

REFERRING to some recent financial developments abroad, "The Statist" of London says:

At the present moment the Reichsbank and the Austro-Hungarian Bank are able to keep their gold reserves, not because exchange is maintained by them at such a point that gold would not flow out, nor because the countries are so prosperous that the balance of trade is in their favor, but simply because the Government in each case is the supreme authority over the banks, and everybody knows that if he were to take gold at a critical time out of the bank he would find his position made very hot for him. It is Government influence, then, and not the efficiency of the banks, or the force of the law, which has prevented a great outflow of gold from the Reichsbank and the Austro-Hungarian Bank during the past three months. We are, then, by no means persuaded that a great central bank will work the wonders expected from it either in the United States or in India. Nevertheless, there is no reason why a great central bank should not be established in both.

BANKING AND FINANCIAL NOTES

EASTERN STATES

New York City

—Announcement is made by J. P. Morgan & Company, New York, and by Drexel & Company, Philadelphia, that in accordance with the co-partnership agreement and testamentary dispositions, the business will be continued without any change, the estate of the late Mr. Morgan continuing his interest as heretofore. This notice is accompanied by an announcement of the death of the senior partner of the firms name , which occurred at Rome, Italy, March 31.

—Herewith is presented a portrait of David Nevius, vice-president and cashier of the Union Exchange National Bank of New York. He was born at Bushnell, Ill. Came to the Fifth Avenue Bank and remained there three or four years. He then joined the National Union Bank, which was later merged with the National Bank of Commerce, as chief clerk for five years, after which he accepted a position as cashier of

DAVID NEVIUS
VICE-PRESIDENT AND CASHIER UNION EXCHANGE NATIONAL BANK, NEW YORK

the Union Exchange National Bank nine years ago and was elected to the office of vice-president and cashier five years ago. He is also treasurer and a director of the Empire City Safe and Deposit Company, New York.

—Harvey D. Gibson, recently elected vice-president of the Liberty National Bank, was born at North Conway, New Hampshire, in 1882; graduated from Bowdoin College in 1902. Immediately upon leaving college he entered the financial department of the American Express Company in Boston. At that time the company was just organizing the department for handling money orders, travelers' checks, letters of credit, foreign exchange

and other financial business. Mr Gibson was one of the first employees in that department in New England.

After a few years he was appointed financial agent for the company for the Dominion of Canada, and was located at Montreal for several years. Later he was appointed assistant manager in charge of the same department for the New England States. A few years after that he was appointed assistant manager of the Eastern financial department with headquarters in New York.

In 1911, with two of his associates in the American Express Company, he secured the majority of the stock of the Raymond & Whitcomb Company, of which Mr. Gibson became vice-president.

At the time of the appointment of Mr. Seward Prosser as president of the Liberty National Bank, Mr. Gibson entered the employ of the bank as assistant to the president.

HARVEY D. GIBSON
VICE-PRESIDENT LIBERTY NATIONAL BANK, NEW YORK CITY

—Wm. H. Kniffin, Jr., formerly cashier of the Home Savings Bank, Brooklyn, but who has been for over a year treasurer of the Onondaga County Savings Bank, Syracuse, N. Y., has resigned from the latter institution to become associated with the investment firm of Fenwick & Co. of this city.

Mr. Kniffin was formerly secretary of the

Savings Bank Section of the American Bankers Association and is a well-known and authoritative writer on savings bank topics. His latest book, "The Practical Work of a Savings Bank," has just been published by The Bankers Publishing Company.

—H. H. Pond comes to the Mechanics and Metals National Bank as vice-president, leaving the Plainfield (N. J.) Trust Company, in which institution he was secretary and treasurer. He has been active in the American Institute of Banking, and was formerly president of the New Jersey

H. H. Pond
VICE-PRESIDENT MECHANICS AND METALS NATIONAL BANK, NEW YORK

Bankers Association. His banking service began with the Vineland (N. J.) National Bank, where he worked his way through the different posts to the office of cashier. He also assisted in organizing the Vineland Trust Company, of which he became secretary. In the spring of 1910 he was elected secretary and treasurer of the Plainfield Trust Company, succeeding J. Herbert Case, who had been elected vice-president.

—Steady growth is reflected in the accompanying April 4th statement of the Seaboard National Bank of New York:

RESOURCES.

Loans and discounts	$20,410,774.40
Overdrafts	9.38
Bonds loaned	165,000.00
United States Bonds	174,150.00
Stocks and bonds	3,055,771.21
Due from banks	1,949,694.55
Reserve: Cash, exchanges and due from U. S. Treasurer	11,472,291.71
Total	$37,227,691.25

LIABILITIES.

Capital stock	$1,000,000.00
Surplus and profits (earned)	2,381,972.41
Circulation	69,997.50
Reserved for taxes	8,875.01
Dividends unpaid	1,380.00
Deposits	33,765,466.33
Total	$37,227,691.25

The officers of the Seaboard National Bank are: President, Samuel G. Bayne; vice-president, Stuart G. Nelson; cashier, C. C. Thompson; assistant cashiers, W. K. Cleverley, L. N. Devausney, J. C. Emory and O. M. Jefferds. Directors: Samuel G. Bayne president; Edward C. Boardman, of Milmine, Boardman & Company, grain; Joseph Seep, of Standard Oil Company; Edw. H. R. Green, president Texas Midland Railroad; T. Wistar Brown, vice-president Provident Life and Trust Company, Philadelphia; Stuart G. Nelson, vice-president; Frederick H. Eaton, president American Car and Foundry Company; Charles Lathrop Pack, pine timber, Cleveland, Ohio; Herbert H. Hewitt, president Magnus Metal Company; William W. Lawrence, president National Lead Company; Francis M. Weld, White, Weld & Company, bankers; Charles C. Thompson, cashier.

—With total resources of $128,307,166.64, as shown by the statement of April 4, the Hanover National Bank ranks among the very large banks of the country; and, as is widely known, its strength bears proportion to its size, for the directorate embraces some of the strongest financial names in the country. On the date named the capital was $3,000,000; surplus and profits, $14,282,428; deposits, namely, individual, $44,602,475.43; bank, $64,540,653.40; United States, $135,378.88—total, $109,278,507.71.

—William M. Barrett, president of the Adams Express Company, is a new director of the American Exchange National Bank.

—The venerable Bank of New York has just completed its 129th year of existence. Some of the many interesting facts in the bank's history are: Its charter was drawn

by Alexander Hamilton; it has paid 258 semi-annual dividends; since 1797 the bank has occupied its own property at 48 Wall street.

—On April 4 the National Reserve Bank showed the following assets and liabilities:

ASSETS.

Loans and discounts	$3,690,904.00
U. S. bonds to secure circulation and deposits	668,500.00
Other bonds and securities	160,089.19
Furniture and fixtures	1.00
Cash and due from banks	2,738,510.00
Total	$7,258,004.19

LIABILITIES.

Capital	$1,200,000.00
Surplus and profits	414,442.11
Reserve for taxes	4,500.00
Circulation	604,795.00
Deposits	5,034,267.08
Total	$7,258,004.19

Deposits of late have been gradually gaining and now exceed $5,000,000, while the surplus has been built up to $414,442, or over one-third the capital, and this surplus does not represent any real estate, while "Furniture and fixtures" only figure in the statement to the nominal extent of one dollar. It will be seen that the item "Cash and due from banks," $2,738,510, shows the cash assets of the bank to be very large.

The officers of the National Reserve Bank are: President, W. O. Allison; vice-president, F. V. Baldwin; cashier, R. B. Minis; assistant cashier, H. Hilyer.

—The Guaranty Trust Company—now the largest trust company in the world—moved into its new building, 140 Broadway, on April 7. This structure, which is marked by simplicity of appearance, embodies the very latest ideas in regard to modern bank construction. An illustration of the new building was presented as a frontispiece in the April number of the MAGAZINE.

—Julius Kruttschnitt, chairman of the Southern Pacific Co.; W. Averell Harriman, son of the late E. H. Harriman; and Cornelius Vanderbilt, are new directors of the Harriman National Bank.

—In moving to its new building at 140 Broadway April 7 the Guaranty Trust Company transferred from its former quarters to its new vault cash and securities amounting to more than $2,250,000,000. Nearly $2,000,000,000 of this was in the shape of trust securities held by its trust department. This is probably the largest amount of actual, physical wealth that has

JOSEPH BYRNE
VICE-PRESIDENT AND CASHIER MERCHANTS NATIONAL BANK, NEW YORK

ever been moved at one time by one institution.

The main banking room of the company, on the opening day, resembled the annual flower show at Madison Square Garden quite as much as it did a banking room, for immense bouquets and floral pieces sent in by neighboring banks and other friends of the company decorated every portion of the immense room. President Hemphill, Vice-President Sabin, and the other officers were kept busy all day long receiving congratulations of hundreds of visiting friends. From the time the doors opened in the morning until they were closed late in the day there was a constant stream of sightseers passing through the building. It is estimated that the total was well up in the thousands.

—At a recent meeting of the directors of the Merchants National Bank of New York, Joseph Byrne, cashier, was elected vice-president, to succeed the late Elbert A. Brinckerhoff. Mr. Byrne, who has been cashier of the Merchants National since October 5, 1907, began his banking career with the National Bank of Commerce, where he served for twenty-four years, retiring from that bank to become associated with the Merchants National. The respect in which he was held by his friends in the Bank of Commerce was shown by the presentation to him of a fine silver

service. His promotion to the vice-presidency of the Merchants National is a recognition of faithful and competent work in that bank. Mr. Byrne, besides being vice-president, continues as cashier.

—De Witt Hubbell, heretofore assistant secretary and assistant treasurer of the Plainfield (N. J.) Trust Company, has been appointed secretary and treasurer of that institution to succeed H. H. Pond, resigned to become vice-president of the Mechanics and Metals National Bank of New York.

During the three years Mr. Hubbell has been associated with the Plainfield Trust Company he has established himself in the confidence of all who have done business with him. He is a graduate of Wesleyan University and has had many years of banking experience, having been connected with the Mutual Alliance Trust Company and the First National Bank, New York, before going to Plainfield.

DeWitt Hubbell.
Treas. Plainfield (N. J.) Trust Co.

—Henry Parish, president of the New York Life Insurance and Trust Company, 52 Wall street, recently celebrated his eighty-third birthday. Mr. Parish is the dean of trust company and bank presidents in New York, having served as an officer nearly forty-four years and spent forty-nine years of his long and useful life as a trustee. He was elected a trustee of the New York Life Insurance and Trust Company March 1, 1864, became vice-president May 1, 1869, and was elected president March 7, 1871. The company was incorporated March 1, 1830, and two days thereafter (March 3, 1830,) Mr. Parish was born.

—William C. Potter, who was recently elected vice-president of the Guaranty Trust Company of New York, is a man of unusually wide experience. He completed his education at the Massachusetts Institute of Technology, graduating from that institution with the class of 1897. By profession he is a mining engineer and metallurgist. For three years after leaving college he was engaged as foreman, engineer and superintendent of various mining operations in Colorado and Montana. In 1900 he was appointed mining engineer of the Atchison, Topeka & Santa Fe Railway, and from 1903 to 1905 was general manager of the Guggenheim Exploration Company in Mexico. He became general manager and director of the American Smelting and Refining Company and American Smelters Securities Company in 1905, and prior to the assumption of his new position was president of the Intercontinental Rubber Company. Mr. Potter was born in Chicago in 1874 and is a son of E. A. Potter, formerly president of

WM. C. POTTER
VICE-PRESIDENT GUARANTY TRUST COMPANY, NEW YORK

the American Trust and Savings Bank of that city.

—The Columbia-Knickerbocker Trust Company has completed alterations to its Bronx Branch, Third and Willis avenues, which add much both to its appearance and conveniences.

—The Mechanics and Metals National Bank has moved to its new quarters at No. 50 Wall street, and business was transacted in the new banking rooms Monday, April 28. The bank was obliged to vacate its former quarters in the Drexel Building, as that building is now being torn down to make way for the new banking house of J. P. Morgan & Co.

—The Irving National Bank has moved into its handsome and spacious new quarters in the Woolworth Building at Broadway and Park place, where practically all of two floors immediately above the street level have been fitted up in the most modern manner for its occupancy.

—At the recent meeting of the Association of Reserve City Bankers in St. Louis, Mr. Wm. A. Law, first vice-president of the First National Bank of Philadelphia, was a speaker. His subject was "The Transit Man's Problems."

The Tennessee and Florida Bankers Associations have endorsed Mr. Law for vice-president of the American Bankers Association.

Pittsburgh

—Important changes have taken place in the Bank of Pittsburgh, N. A. Alexander Dunbar becomes cashier, resigning a like position with the Exchange National Bank. William F. Bickel has been promoted from the cashiership to the vice-presidency of the Bank of Pittsburgh, and James M. Russell is promoted from assistant cashier to vice-president, and George F. Wright, auditor, becomes an assistant cashier.

This is now the personnel of the Bank of Pittsburgh: President, Harrison Nesbit; chairman of the board of directors, William A. Shaw; vice-presidents, James J. Donnell, J. D. Ayres, W. F. Bickel and James M. Russell; cashier, Alexander Dunbar; assistant cashiers, George F. Wright, formerly auditor, and E. M. Seibert; Frank D. Young, auditor.

Alexander Dunbar, who goes from the Exchange National to the Bank of Pittsburgh, is one of the most capable and best-known of the younger bank officers of the East. He is a native of Steubenville, Ohio, and began his banking experi-

W. F. Bickel

VICE-PRESIDENT BANK OF PITTSBURGH, N. A.

ence there. He afterwards went to Pittsburgh and entered the employ of the Carnegie Steel Company, severing this connection to become successively secretary and treasurer of the Moreland Trust Company and later of the Guarantee Title and Trust Company, and in 1909 he was elected cashier of the Exchange National Bank. In this position he was instrumental in greatly adding to the bank's business, and his resignation was accepted with regret.

Mr. Dunbar has won his way by native ability supplemented by work of the hardest kind, and all who know him recognize that his advancement is well deserved.

Mr. Bickel and Mr. Russell have both been connected with the Bank of Pittsburgh for over thirty years, and Mr. Bickel has been cashier since 1897.

The Bank of Pittsburgh, N. A., is 103 years old, and with a history of panic-weathering of which any bank might be proud. But while it is the oldest bank west of the Alleghanies it is thoroughly imbued with the spirit of wise progress and was never more serviceable to the business community than it is to-day.

—Pittsburgh will entertain the Pennsylvania Bankers convention on June 20 and 21, and General Chairman W. S. Linderman has named the following entertainment committee: F. H. Richard, First National Bank, chairman; D. Gregg McKee, Pittsburgh Trust Company; A. D. Robb, Colonial Trust Company; G. A. Stephens, Second National Bank of Pittsburgh; Hervey Schumacher, Peoples National Bank; George C. Arnold, Monongahela National Bank; George C. Watt, First National Bank of Braddock; W. A. Morrow, Fidelity Title and Trust Company; J. D. Ayres, Bank of Pittsburgh, N. A.; D. C. Wills, Diamond National Bank; W. C. Lowrie,

J. M. Russell

VICE-PRESIDENT BANK OF PITTSBURGH, N. A.

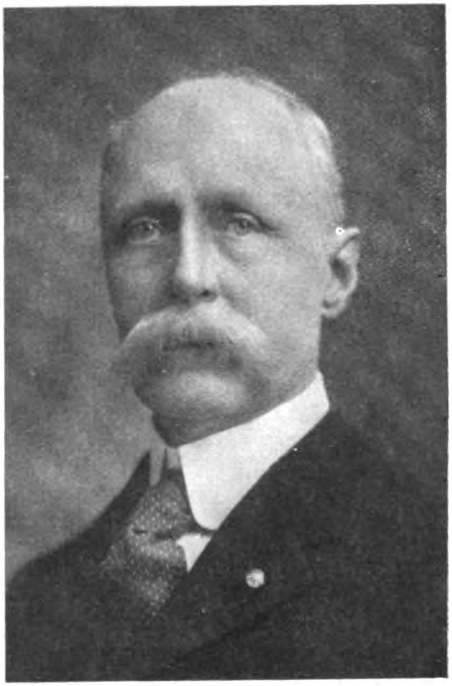
Columbia National Bank; J. F. W. Eversmann, German National Bank; W. C. Linderman, J. S. M. Phillips, Merchants Bank of Pittsburgh, secretary; W. C. Lowrie is chairman of the automobile committee, and H. M. Landis, Federal National Bank, chairman hotel committee.

—To Wm. S. Kuhn is largely given the credit for an important bank consolidation here—that of the Second National with the First National Bank, the title of the consolidated banks being the First-Second National Bank. The capital of the First-Second National Bank since the merger is $3,400,000, surplus and profits $1,900,000, deposits over $30,000,000, and total resources about $37,000,000. The Second National Bank assets were moved into the First National Bank Building.

William S. Kuhn becomes president of the First-Second National Bank and will personally devote his time and attention to its affairs.

William Speer Kuhn, the president of the First-Second National, is a native of Pittsburgh. His first position was as a clerk in the First National Bank. Subsequently he and his brother engaged in the construction of water works plants, taking franchises in Uniontown, Connellsville, and in one or two western towns, which kept him actively engaged for several years. This business grew so rapidly that it soon resulted in the organization and incorporation of the American Water Works and Guarantee Company, in 1885, which now has a capital of $20,000,000 and which owns properties valued at over $100,000,000.

Mr. Kuhn is an officer, or director, or both, of the First-Second National, the Colonial Trust Company, the Commonwealth Trust Company, the Commercial National Bank, the Pittsburg Bank for



George F. Wright
ASSISTANT CASHIER BANK OF PITTSBURGH, N. A.

Alexander Dunbar
CASHIER BANK OF PITTSBURGH, N. A.

Savings, the First National Bank of McKeesport, and the American Water Works and Guarantee Company and all of its subsidiaries. He has been from its inception president of the West Penn Traction and Lighting system and his energy has been

WM. S. KUHN

PRESIDENT FIRST-SECOND NATIONAL BANK, PITTSBURGH

responsible for its remarkable success. He is also a member of the investment firm of J. S. & W. S. Kuhn, Inc.

James M. Young, vice-president and cashier of the Second National Bank, will hold a corresponding position in the new institution. He was connected with the Second National for thirty years, rising from general clerk.

—Consequent upon the election of Mr. Dunbar to be cashier of the Bank of Pittsburgh, a vacancy was created in the office of cashier of the Exchange National Bank, which has been filled by the promotion of

J. P. MCKELVEY

CASHIER EXCHANGE NATIONAL BANK, PITTSBURGH, PA.

J. P. McKelvey to that position from the assistant cashiership. F. M. Polliard, manager of the department of new business, and D. B. Carson, paying teller, were elected assistant cashiers.

NEW ENGLAND

—Work has just been started on a new building on Meridian st., East Boston, for the East Boston Savings Bank., of which A. R. Hooper is president and A. P. Johnson treasurer. Thomas M. James of 15 Ashburton place, Boston, is the architect, and the cost of the building will be about $100,000.

—Frank F. McLeod has been appointed treasurer of the Fidelity Trust Company, which is about to begin business in the Board of Trade Building, Boston. Mr. McLeod was formerly connected with the Exchange Trust Co.

—The Malden Trust Company of Malden, Mass., is about to start work on a new building on Pleasant street, to cost approximately $30,000.

—Henry A. Allen has recently been elected cashier of the Holyoke National Bank of Holyoke, Mass. Mr. Allen comes to the bank from Hartford, where he has been local manager of a commercial paper house. His banking experience has been with the Home National of Holyoke, the Hampshire County National of Northampton, and the Hartford National Banks. The Holyoke is the largest national bank in the city.

H. A. Allen

CASHIER HOLYOKE (MASS.) NATIONAL BANK

—It appears that many bankers who contemplate attending the American Bankers Association Convention in Boston October 6 to 10 have not realized the necessity of engaging rooms in advance.

The hotel committee is busy assigning rooms for those who are to attend the convention and about forty rooms per week are being reserved. It is suggested that these who plan to visit Boston in October should make immediate arrangements for hotel accommodations.

Application should be made to Chas. P. Blinn, Jr., chairman hotel committee, care National Union Bank, Boston, Mass.

SOUTHERN STATES

—For strength the Merchants National Bank of Richmond, Va., occupies an enviable position, having $200,000 capital and $1,153,730 surplus and profits. The April 4 statement showed deposits $6,912,421.26 and total resources $8,558,651.98. Under the presidency of John P. Branch this institution steadily grows and prospers, now ranking first among the national banks of Virginia—a high honor, for there are many good and strong banks in the Old Dominion, and the State is one whose banking history is creditable.

—Great activity is shown in the organization of new banks in Texas, one of the latest being the Merchants National Bank of Dallas, which starts with $250,000 capital and $250,000 surplus. Officers are: Ben B. Cain, chairman of the board; L. L. Jester, president; W. Frank Knox, vice-president; Herbert W. Jester, cashier; Harry Williams, assistant cashier. The officials represent a large total of experience in other Texas banks.

—An increase in capital—from $500,000 to $1,000,000—has been decided upon by the Central Trust Company of San Antonio, Texas.

—Slowly the coils of restrictive legislation are tightening around the banking business in all parts of the country, Tennessee being one of the latest States to adopt a stringent banking law. Not even private banks are exempted from its provisions.

—S. C. Williams, president of the Unaka National Bank, Johnson City, Tenn., has been appointed to the Supreme Court of that State by Governor Hooper.

Mr. Williams is a lawyer of ability and was one of the organizers of the Unaka National Bank, which is a successful institution, having $100,000 capital, $60,000 surplus, and over a million of deposits.

—Henry Hillyer has become chairman of the board of the Atlanta (Ga.) Trust Company, and W. J. Morrison succeeds Mr. Hillyer as president.

—Macon bankers have made all necessary preparations for entertaining the Georgia Bankers Association convention at the new Hotel Dempsey on the evening of May 15, the convention sessions being held on the two following days.

-The Commercial Trust and Savings Memphis, Tenn., will increase its capital from $250,000 to $500,000. A twenty-two story bank and office building is planned by this bank.

—The J. C. O'Connor interest in the Dallas (Texas) Trust & Savings Bank has been taken over by a group consisting of directors of the bank. The amount involved in this transfer was about $300,000.

WESTERN STATES

Chicago

—About May 15 the new Capital State Savings Bank will open with $200,000 capital. The name first proposed was Swedish-American State Bank.

—Henry C. Burnett was recently elected cashier of the Chicago Savings Bank and Trust Company. He came to this bank in 1907 from the National Bank of Commerce, St. Louis. W. A. Nicol, formerly chief clerk, has been promoted to the assistant cashiership of the Chicago Savings Bank and Trust Company.

—Statements of the First National Bank on April 4 and the First Trust and Savings Bank on April 5 contain some interesting figures, as may be seen from the accompanying items:

	First National	First Trust and Savings	Aggregate
Capital	$10,000,000	$5,000,000	$15,000,000
Surplus and profits	11,696,000	2,879,000	14,575,000
Deposits ...	116,644,217	55,581,134	171,225,351
Total resources	$142,696,541	$63,557,209	$206,253,750

Both banks are owned by the same stockholders, and together with the National Safe Deposit Company are governed by the same board of directors. The figures quoted are a fine tribute to the great ability of Mr. James B. Forgan and his associates.

—On March 18 R. U. Lansing was elected a vice-president of the National City Bank, to continue in charge of the bond department, and Walker G. McLaury was elected cashier to succeed L. H. Grimme, who resigned to form the commercial paper house of Grimme, Lanquist & Co.

R. U. Lansing has been identified with banking for many years. His business career started with the Union National Bank of Chicago, where he served as clerk

R. U. LANSING

VICE-PRESIDENT AND MANAGER BOND DEPARTMENT, NATIONAL CITY BANK, CHICAGO

and teller. About fourteen years ago he left that institution to become identified with the investment branch of the banking business and spent about nine years in the employ of an investment banking house and one of the large Chicago trust companies, where he gained a thorough knowledge of the fundamentals of the bond business.

In February, 1908, he entered the organization of the National City Bank of Chicago, which was then only one year old, to become the manager of the bond department. Mr. Lansing organized the department and has built up its business until it occupies a prominent place in Chicago investment circles.

Walker G. McLaury was born and reared in Chicago. He went through the public schools and took a degree at the University of Chicago, afterward doing post-graduate work in electrical engineering at Cornell University. He then returned to Chicago to associate himself with the Western Electric Co. He had experience in many departments of the corporation and finally obtained the position of credit man, and later was made general cashier, a position which was chiefly concerned with the elaborate branch house organization of that corporation.

He severed his connection with this com-

WALKER G. MCLAURY

SHIER NATIONAL CITY BANK, CHICAGO

pany to take charge of the credit department of the National City Bank of Chicago and subsequently was elected an assistant cashier.

—L. H. Grimme, heretofore cashier of the National City Bank, is now head of the firm of Grimme, Lanquist & Company, dealers in commercial paper. Mr. Grimme resigned from the cashiership of the bank to form this new connection. Mr. Lanquist has been engaged in the commercial paper business with Seymour Cowan, the firm being Cowan, Lanquist & Company, to which Grimme Lanquist & Company are successors.

St. Louis

—An example of the importance of a carefully-conducted savings department as an adjunct to a trust company is afforded by the March 26th statement of the Mississippi Valley Trust Company, which on the date named reported $5,257,000 savings deposits out of $19,430,000 total deposits. The aggregate resources of this institution now exceed $28,000,000.

—About June 1 the new Continental Trust Company, capital $100,000, will open in the West End.

—Although the First National Bank of Minneapolis now occupies a beautiful modern building, erected some eight years since at a cost of a quarter of a million dollars, the growth of the bank and the continually increasing importance of Minneapolis as a business centre have caused the officials of this institution to provide for the erection (jointly with the "Soo Line") of a sixteen or twenty-story bank and office building on the site now occupied by the present First National Bank Building.

A two-story building is to be erected for the Minneapolis Trust Company (which is affiliated with the First National Bank) between the present First National building and the New York Life Insurance Company building, which the bank owns. Pending the completion of the new bank and office structure, the First National Bank will occupy quarters partly in the New York Life building and partly in the rooms of the Minneapolis Trust Company.

It is also announced that the directors of the First National Bank have authorized an increase of capital stock from $2,000,000 to $2,500,000, and the issue of $500,000 of stock to the stockholders of the Minneapolis Trust Company, one share of First National Bank stock for two shares of trust company stock, the stock in the Minneapolis Trust Company to be held by trustees for all the stockholders of the First National Bank. The directors of the Minneapolis Trust Company have voted to recommend this exchange of stock on the basis stated.

—A merger of the Central Trust Company and the Farmers Trust Company under the latter title has been effected at Indianapolis. Deposits of the combined institutions will exceed $1,100,000.

Charles N. Williams, president of the Farmers' Trust Company, is president of the enlarged institution, and Charles E. Coffin, president of the Central Trust Company, chairman of the board. The other officers are: Thomas A. Wynne, John E. Reed, Charles E. Holloway and Edwin H. Forry, vice-presidents; Charles M. Lemon, secretary; Augustus Jennings, assistant secretary; Riley E. Smith, treasurer, and Frank A. Jordan, assistant treasurer.

—Encouragement of better agricultural methods and the cultivation of closer relations of the financial institutions of the State to agriculture will be the principal topics of discussion at the annual convention of the Missouri Bankers' Association, which meets in St. Joseph, May 20-21. R. L. Calkins is president of the association.

—A modification of the Oklahoma bank guaranty law went into effect in March. Here is the main difference between the old and new law:

Under former conditions there was no limit on assessments against the banks, but a limit on the issuance of script by the banking board, in the absence of guaranty funds.

By the new law the limit is taken off the issuance of guaranty fund certificates, but the liability of the banks to maintain the

fund, limited to one-fifth of one per cent. per annum of average daily deposits, except that this may be doubled for the years 1914, 1915 and 1916.

State Bank Commissioner J. D. Lankford will not be affected in his position, but becomes chairman of a four-man banking board, the old board having been composed of three men only, two aside from the Governor. The Governor is no longer a member of the board.

—Herewith is the excellent statement made by the First National Bank of Cleveland, Ohio, at the close of business April 4, 1913:

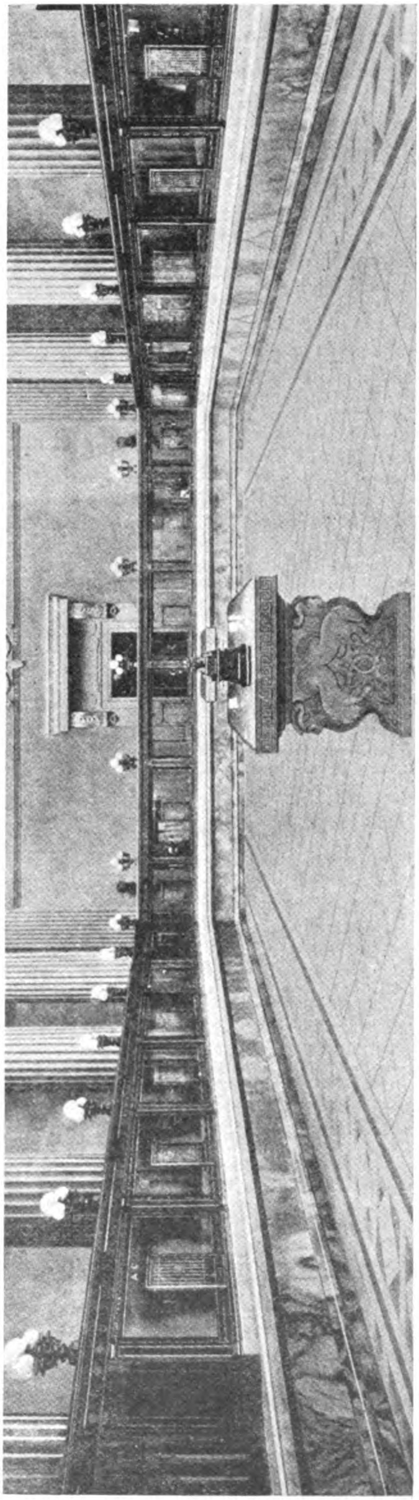
RESOURCES.

Loans and discounts	$23,436,308.17
Overdrafts	26,540.75
U. S. bonds to secure circulation	1,502,000.00
U. S. bonds on hand	500,000.00
Municipal and other bonds	1,834,225.30
Bank building	750,000.00
Cash and due from banks	12,956,206.86
Total	$41,005,281.08

LIABILITIES.

Capital stock	$2,500,000.00
Surplus and undivided profits	1,730,740.20
Circulation	1,402,000.00
Deposits	34,472,240.83
United States bond account	771,000.00
Reserved for taxes	29,300.05
Provident reserve fund	100,000.00
Total	$41,005,281.08

—Bankers of Champaign county, Illinois, have an organization called the Champaign



FIRST NATIONAL BANK, CLEVELAND, OHIO—PART OF PUBLIC SPACE IN MAIN BANKING ROOM

County Federation of the Illinois Bankers' Association. This organization is doing much to advance the cause of thrift, good roads and better agricultural methods. At a recent meeting at Champaign, largely attended by bankers of that city, Urbana and the neighboring country, an interesting address on "Farm Mortgages" was delivered by Frederick W. Thompson of the real estate and loan department of the Merchants Loan and Trust Company, Chicago.

—John Hayes, the new Deputy State Bank Examiner for Wisconsin is a former banker of La Crosse, in that State, and at one time was an instructor in banking and commerce in the University of Wisconsin.

—In March the People's Savings Bank and Trust Co., Moline, Ill., moved into its new building, which is an imposing and handsome one.

—The Cedar Rapids (Iowa) National Bank has increased its capital from $100,000 to $300,000. Ed. H. Smith and Glenn M. Averill, both connected with the bank for many years, are new vice-presidents.

This bank was organized as a State institution in 1877, entering the national banking system ten years later, and has had a successful career, its deposits now exceeding $5,000,000. Its officers are: Ralph Van Vechten, president; George B. Douglas, Ed. H. Smith and Glenn M. Averill, vice-presidents; Kent C. Ferman, cashier; Martin Newcomer, assistant cashier.

—The Iowa Trust and Savings Bank of Des Moines now occupies its newly remod-

eled quarters, which are in keeping with the progress made by the bank in recent years. Deposits have shown an important increase, while a good rate of net earnings has been steadily maintained.

W. B. Martin (formerly Secretary of State of Iowa) is president; G. S. Gilbertson (formerly State Treasurer) and A. O. Hauge, vice-presidents, and L. M. Barlow, cashier.

—An increase from $750,000 to $1,000,000 is to be made in both capital and surplus of the Home Savings Bank of Detroit.

—Four new branch offices will be established by the Detroit (Mich.) Savings Bank, making a total of twelve branches of this institution.

—Three new branches are to be opened by the People's State Bank of Detroit.

PACIFIC STATES

—From that mine of valuable information about the Pacific coast—the Monthly Financial Letter of the American National Bank of San Francisco—the following is taken:

"San Francisco banks operating under State jurisdiction increased their deposits $8,650,000 in the year ending January 31, according to a compilation recently published by the State Bank Superintendent. The aggregate of individual deposits in the banks of the city on January 31 was $224,226,000, as compared with $215,575,000 on February 9, 1912. It is significant that the gain was wholly in savings deposits, which advanced from $174,032,000 to $183,964,000, while commercial deposits decreased nearly a million and a half dollars. A gain of more than eight millions in loans—mainly mortgage loans—shows what was done with this new money. Cash resources declined $1,244,000.

"Including both national and State organizations, the banks of San Francisco hold a total of $315,000,000 to the credit of individual depositors, and nearly $68,000,000 to the credit of other banks. This is equaled by no other city west of the Mississippi River. The nearest approach to it is in St. Louis, where the banks (from reports as of June 14, 1912) showed in the aggregate $207,041,000 of individual deposits and $105,098,000 deposits of banks. The total

banking resources of San Francisco on that date were $70,000,000 greater than those of St. Louis.

"It may not be generally known that California stands fifth in point of banking strength among the States, being outranked only by New York, Pennsylvania, Massachusetts and Illinois, in the order named. This holds good whether reference is made to capital and surplus, deposits or total resources, according to figures published in the annual report of the Comptroller of the Currency for 1912. The aggregate of individual deposits in all the banks of California on June 14, 1912 (both State and national included), was $795,604,000. Some comparisons follow:

Total Individual Deposits in Banks.

California	$795,000,000
Ohio	764,000,000
Indiana and Michigan	760,000,000
Iowa and Minnesota	730,000,000
Missouri, Kansas and Nebraska	790,000,000
Montana, Wyoming, Colorado, New Mexico, Oklahoma, Arizona, Nevada, Utah, Idaho, Washington and Oregon	701,000,000

"In savings bank deposits alone, California with $389,000,000 outranks Illinois with $323,000,000, and is exceeded only by New York, Massachusetts and Pennsylvania. With the exception of the thrifty old New England States and New York, the amount of savings deposits per capita is higher in California than in the other States, while the average size of depositors' accounts is considerably greater in California than in any Eastern State or any foreign country. Thus:

	Average size of savings accounts	Savings deposits per capita
California	$681.16	$148.54
New York	540.04	190.84
Massachusetts	378.33	246.42
Pennsylvania	408.53	75.02
Belgium	248.52	27.49
France	89.67	27.38
Germany	185.46	61.98
Italy	206.13	22.95
Japan	9.75	3.20
Switzerland	159.63	83.14
United Kingdom	139.58	24.67
United States	444.72	46.66

"Attention is called to the vast undeveloped resources of California in the biennial report of the State Conservation Commission. It is declared that the water power that could be made available for the generation of electric energy is equal to that which could be produced by 100,000,000 tons of coal at an annual cost of $1,000,000,000."

—A bank consolidation is reported at Portland, Oregon, the West Side Bank of George W. Bates & Co. having merged with the Lumbermen's National Bank. The deposits of the latter, since the consolidation, are close to $6,000,000.

—G. T. Douglas and G. L. Pape are new assistant cashiers of the First National Bank of Berkeley, Cal. Both have had thorough banking experience and have shown their efficiency in various positions. They will prove able assistants to Cashier Frank C. Mortimer.

—A plan has been approved for the absorption of the Central National Bank of Los Angeles by the Security Trust and Savings Bank of that city. When the plan is consummated, as it will be shortly, the Security Trust and Savings Bank will have a capital of $2,000,000, and its stockholders will own the beneficial interest in the $1,000,000 capital stock of the Central National Bank, the name of the latter institution to be changed to Security National Bank.

The Security Trust and Savings Bank,

under the presidency of Mr. J. F. Sartori, has gradually risen to a commanding position among the financial institutions of Los Angeles, and by the ownership of a national bank it will be still better prepared to serve the business community. It is one of the very live banks of the United States, and its growth has been remarkable.

—Regarding proposals to enact a new banking law for Alaska, J. E. Chilberg, vice-president of the Scandinavian-American Bank of Seattle, and also interested largely in Alaska, recently said:

"While the banking laws of Alaska are now too lax, it should be remembered that the Alaskan bankers are in a new country and are remotely situated from other banking centres where they can obtain assistance in times of stress.

"The banking business of Alaska is based largely on shipments of gold bullion. The banks loan the money against the gold which is in the dumps or in the banks. While gold is as good as money, it has often happened that an Alaska bank, with perhaps a million or more dollars in gold bullion in transit, has become cramped for ready money before the currency which they receive in exchange for the gold can reach them.

"The banks of Alaska would be unable to invest their money in national securities, because they are too far away from the financial centres. They must loan money to the miners or one of the industries of the country will be paralyzed and any law restricting the banks from engfiaging in this form of business will not be for the best interests of the territory.

"Slightly modified to suit local conditions, the banking laws of the State of Washington would do about as well for Alaska as any I can think of."

—The annual convention of the California Bankers Association will be held at San Diego May 15, 16 and 17.

—David Keith succeeds the late W. V. Rice as vice-president of the National Copper Bank of Salt Lake City, Utah.

European Interest in American Currency and Banking Reform

THE periodical disturbances caused by our antiquated banking machinery are becoming almost as much a subject of foreign concern as they are to us. Here is a recent fervent prayer from the London "Statist" for speedy deliverance from the ill effects of these disturbances.

"As the world exists to-day, every nation is intimately interested in the concerns of every other nation. Therefore, there is no great problem before the United States which does not interest all the countries with which the United States is closely connected. But the interest which the outside world has in the other American problems is small compared with that which they have in regard to the banking and currency laws. One result of the extraordinary chaos into which the finances of the American people have been brought by their unscientific and mischievous laws regarding banking and currency is that a very large proportion of all the gold available in the world is locked up in the Treasury of the United States. It is doing exceedingly little good there either to the American people or to anybody else, while it is doing infinite harm to the rest of the world. If arrangements could be made which would set free the gold that is now locked up in the Treasury of the

United States, in the Bank of France, in the Imperial Bank of Russia, and in the *cajas* of Argentina and Brazil, many of the anxieties with which business men are now confronted would disappear, and the money markets at all events would become easy. Therefore, apart from the very great interest we have in everything which touches the real prosperity of our kinsmen at the other side of the Atlantic, we have a personal and a material interest in this question of banking and currency. A good banking and currency system in the United States would contribute powerfully to allay the anxieties that prevail in every money market in Europe, and would give an immense impetus to the world's prosperity. Yet every effort heretofore has failed to bring about reform. It was thought that the great crash of 1907 had brought home the lesson to the mind of every intelligent American in such a form that reform could not be longer delayed. Yet we are now nearly through a quarter of 1913, and there is no apparent sign that we are nearer reform than we were five and a half years ago. It would be waste of time and waste of space here to point out what ought to be done. We have sketched our own views on that matter so often that we shrink from wearying our readers by reproducing them. Besides, it will be more to the point to wait until the task is really undertaken, and then to criticise the measures proposed. But most ardently do we hope that a new session of Congress will be called without delay, and that the tariff question will be got out of the way before the regular session begins early in December, when it is to be hoped that a reform of the currency and banking laws will be seriously undertaken."

Fiftieth Anniversary National Bank Number

A Few of the Many Commendatory Letters Received

F. B. Sears, vice-president National Shawmut Bank, Boston:

I am greatly obliged for the March number of the Magazine. It happens that I am about to make a short address in Providence on the subject of banking and currency, and I find the magazine very useful in making my preparations.

Fred E. Farnsworth, general secretary American Bankers Association:

I wish to congratulate you on the completeness of the Bankers Magazine for March, in which you take up the fiftieth anniversary of the establishment of the National Banking System. This is a very comprehensive and complete resumé of the subject and should prove of great interest to your many readers, and it should be a number which will be preserved for all time. You have a very able editorial on the question and some most excellent papers, and you are to be commended for your enterprise.

J. Fletcher Farrell, vice-president Fort Dearborn National Bank, Chicago:

Please permit me to thank you for copy of the fiftieth anniversary National Bank number of your Magazine. You are deserving of congratulations.

Joseph G. Brown, president Citizens National Bank, Raleigh, N. C.:

This edition does you great credit, and is in keeping with what I have long believed, that The Bankers Magazine is the best.

A. F. Dawson, president First National Bank, Davenport, Iowa:

I beg to offer hearty congratulations on the fiftieth anniversary National Bank number of The Bankers Magazine. It is a publication replete with interesting and valuable matter, and one which adds greatly to the prestige which The Bankers Magazine has heretofore enjoyed.

G. R. DeSaussure, vice-president Barnett National Bank, Jacksonville, Florida:

I have read with the deepest interest and profit your article on National Banking, in your issue for March. Your summing up of the conditions existing today, as a result of the policy adopted by the United States Government, and the States, in reference to State banks, trust companies, savings banks, and national banks, is extremely interesting, and, in my opinion, your conclusions are correct.

Thanking you very much for the article, and assuring you that I have profited much by it, and feel that it will do much good, I am, etc.

THE
BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SIXTY-SEVENTH YEAR | JUNE 1913 | VOLUME LXXXVI, NO. 6

Anglo-American Peace Celebration

BELIEVING that bankers are vitally interested in the celebration next year of the one-hundredth anniversary of the existence of peace between Great Britain and the United States, THE BANKERS MAGAZINE will about the end of 1914 issue a special Anglo-American Peace Number, commemorative of the centennial of the signing of the Treaty of Ghent.

Statesmen and business men are coming to realize that the world-wide agitation for peace long since passed the sentimental stage. Peace is daily growing in importance because the vast outlays for war preparation have become a very serious drain on national revenues, hardly less costly than war itself. Moreover, the struggle of nations to surpass one another in army and navy expenditures bids fair to increase this drain to an extent that may prove ruinous. This mad and unholy rivalry can only be checked by an international compact between the great powers of the world. Such a compact may not be made for many years to come; it may not be made at all. But the example of two great nations, whose enmity twice resulted in hostilities, keeping peace for a century and settling very troublesome questions by diplomacy or arbitration, gives practical warrant for the hope that similar peaceful means of settling quarrels may not only continue to be employed by Great Britain and the United States but may be found generally applicable to international disputes.

This hope may go beyond the actual attainments of the present century, but no doubt substantial advance will be made in the next few years toward settling international controversies by appeal to common sense instead of by the brutal and costly process of war.

The commercial and financial relations between the United States and Great Britain and her dominions are of immense importance, and these relations, quite independent of humanitarian considerations, should operate to establish permanent peace between the United Kingdom and the United States.

Next year's celebration will tend to emphasize in the minds of these different peoples the sound reasons that exist for perpetuating the unbroken friendship of a hundred years.

Bankers have come to dread war as one of the greatest enemies of national prosperity, and the shadow of conflict which forever hangs over one country or another has grown to be one of the malign influences with which business calculations must always reckon.

The world's capital is needed as never before for the development of enterprise—the building of houses, the construction and equipment of manufacturing plants, and for the production of food and clothing. War and the preparation for war absorb for purely

destructive purposes a constantly enlarging portion of the capital sorely needed for beneficent employment. Vast numbers of men withdrawn from their customary employments for military service thus become engaged in attempts to destroy wealth instead of aiding in its increase.

It is believed that the peculiar concern of international banking and finance in diminishing the probabilities of armed conflicts between nations will fully justify the issue of a special Anglo-American Peace Number of THE BANKERS MAGAZINE.

WHILE next year's celebration will especially commemorate the centennial of peace between Great Britain and the United States, other nations are to be invited to participate in the celebration, as may be seen from the following statement signed by members of the Preliminary Peace Conference recently held in New York.

"Representatives of Great Britain, of Newfoundland, of the United States, of the Dominion of Canada, of the Commonwealth of Australia, and of the Municipality of Ghent, having been in conference concerning an appropriate celebration of the centenary of the signing of the Treaty of Ghent, which marked the end of the last international war between the British and American peoples, unite in offering to the Governments and the peoples of the civilized world an earnest invitation to take part in making this celebration in every way worthy of the 100 years of peace that it commemorates.

"We invite such coöperation to the end that it may be made clear and unmistakable to public opinion everywhere that the time has come when international rivalries and differences, though numerous and severe, may be settled without the carnage and horrors of war. Although it be unreasonable to disregard the possibility of conflict arising in the future, out of mutual or partial misunderstanding, yet we gratefully recognize that the chances of misunderstanding have been largely eliminated by the degree in which modern science has facilitated intercourse and accelerated communication.

"We are, therefore, encouraged to hope that the development of letters, science and the arts of commerce, industry and finance, of mutual knowledge, trust and good feeling on the part of those who owe different allegiances and who speak different tongues, may profitably absorb the energy of mankind, as well as offer opportunity for the display of the noblest and finest traits of mind and of character.

"Great Britain has been a colonizing nation, and the United States has drawn to its population various and powerful elements from different countries and from different flags. Therefore, a century of peace between Great Britain and her dominions beyond the seas on the one hand and the United States on the other hand touches directly both the interests and the imagination of every land to which Great Britain's sons have gone, as well as those of every nation from which the present-day population of the United States has been drawn. Such a celebration will not only mark the close of a century of exceptional significance and importance, but it will call attention to an example and an ideal that we earnestly hope may be followed and pursued in the years to come. What nations have done nations can do.

"We respectfully request His Majesty's Secretary of State for Foreign Affairs and the Secretary of State of the United States to transmit this invitation, through the proper official chan-

nels, to the governments of the world, in order that both by the participation of governments and by the coöperation of men of good will in every land this celebration may be so carried out as to mark not merely the close of one hundred years of peace between English speaking peoples, but the opening of what we sincerely trust will be a fresh era of peace and good will between all the nations of the world."

Investors May Prevent Wars

DISCUSSING the termination of the latest European war, "The Statist" of London says that "In the last resort it rests with the investing public to stop all wars and even to prevent unpopular wars."

British investors themselves have had some recent experiences teaching them that investments in war loans are not profitable. The expenses incurred in the South African war added huge sums to the public debt of Great Britain, seriously depressed the price of the Government securities and caused no little loss to those who bought them. The British banks have been compelled in recent years to write off very considerable sums on this account.

Of course, this is not saying that a nation may, for its own preservation, have to lay aside all considerations of profit and to go to war to protect its honor and its life at whatever cost or sacrifice.

But if investors, not through sentiment but solely because of business considerations, decline to put their money in war loans except at exorbitant rates, it may at least prove an added hindrance to war and tend toward preserving the peace.

The unproductive expenditures for war are becoming a burdensome drain upon the world's capital supply. In a recent issue of the New York "Times" M. Yves Guyot gave the details of military expenditures for the six great Powers of Europe which compose the Triple Alliance and the Triple Entente. The total runs up to the amazing figure of two billion dollars a year. To this must be added the loss of production by the 2,500,000 young men in the prime of life and vigor withdrawn from industry for service in the armies and navies. Estimating the average value of the productive power of these young men at the moderate rate of $400 annually, we have the total cost of the fighting forces of Europe three billions of dollars.

This is a huge tax upon the productive industry of Europe, and were it possible to divert this expenditure into profitable channels, to employ the money for purposes of construction rather than of destruction, the welfare of the people concerned would be immensely advanced.

There are hopeful signs that bankers are concerning themselves about the economic wastefulness of war. Speaking at the recent meeting in New York, called for the purpose of arranging an international celebration in commemoration of the Treaty of Ghent, Sir Edmund Walker, the distinguished Canadian banker, said:

"If we can carry this whole thing through on a fine, high and noble scale we shall set the last century up before the world, not for what the British speaking people can accomplish, not for what the United States with a hundred million people who are only half British can accomplish, but for what the whole world can accomplish if it can make up its mind to leave to the arbitrament of common sense its difficulties as they arise."

Washed Money and Monetary Scenery

AN article from "The Plate Printer" on "Washed Money, the Counterfeiters' Delight," has been printed as a Senate Document by request of Senator JAMES E. MARTINE of New Jersey. The article condemns the appearance of the washed money and also says that it may be much more easily counterfeited than new money. If this arraignment be true, we cast our vote for the unwashed as a matter of course.

But this is not the only indictment brought against the paper currency in this criticism. Says the document:

"But this is not the only way in which the paper issues of the people are to be tinkered with by the Treasury officials whose official tenures are always brief. They propose to reduce the bills from their present size to that of the Philippine shinplasters. The engraving, despite interested denials to the contrary, will be coarsened, to the end that the plates may better stand the heavy and not perfectly controlled pressure of the power presses. To the extent that this coarsening of the engraving is carried, that much easier will be the work of the counterfeiter. That this is true would not seem to need argument, but if the Finance committee of the Senate or the Committee on Banking and Currency of the House will begin a broad investigation of the subject we will undertake to indicate to them how they may obtain convincing expert testimony on this head.

"All $1 bills, regardless of issue, will have the portrait of Washington on its face. On the $2 bills, Jefferson; on the $5 bills, Lincoln; on the $10 bills, Cleveland; on the $20 bills, Hamilton; on the $50 bills, Jackson; on the $100 bills, Franklin; on the $500 bills, Marshall; on the $1,000 bills, Clay; on the $10,000 bills, Grant.

"The public does not realize how ruthlessly destructive in one large popular sense has been the work of the Treasury officials who have been engaged in lowering the artistic excellence of our paper issues. All will recall the beautiful art productions carried on different issues of our paper money, such, for instance, as 'Columbus Discovering America,' 'The Landing of the Pilgrims,' and the 'Pioneer Scene.' Those pictures were educational. If they had any influence —and who will doubt that they had?— it was to stimulate and foster a love of the artistic, the beautiful, and also to stir in every breast sentiments of patriotism. Instead of dropping those patriotic and art-developing pictures from our paper money the country might profitably put other noble scenes constantly before the eyes of all the people. Even as the State fosters common-school education, the Nation should never have relinquished this simple and effective means of stimulating patriotism and the love of art. Why did the Treasury iconoclasts decree that those noble pictures should be eliminated from our paper money? So that simplicity in our paper currency scheme might be evolved? Not at all. It is but sober, solemn truth to say it was done because those pictures, which were almost the perfection of art in fine engraving and hand-roller plate printing, could not successfully be produced on power presses. Those engravings were the despair of the counterfeiter. Here again then has the Treasury unconsciously aided in easing the very difficult and exacting labor of the counterfeiter."

Our regret for the elimination of these noble pictures from our paper money is somewhat tempered by the

fact that we have only had brief and fitful glimpses of their beauty and thus they have failed to make a mental impression sufficiently vivid to warrant an appeal as impassioned as that of "The Plate Printer," devoted to the caûse of unwashed currency, monetary scenery, and as we suspect, to the cause of hand printing as opposed to the use of power presses in the making of money.

Retirement of Mr. Murray as Comptroller

ON April 28 Hon. LAWRENCE O. MURRAY, after serving exactly five years as Comptroller of the Currency—the term fixed by law—retired from that office to accept the presidency of the United States Trust Company of Washington, D. C. Mr. MURRAY had formerly been Deputy Comptroller and had also served as Assistant Secretary of the Department of Commerce and Labor. He has likewise had experience as a bank officer in Chicago and New York.

No sooner had Mr. MURRAY entered upon the discharge of his duties as Comptroller than it became apparent that he was not going to perform those duties perfunctorily. For many years it had been the practice of delinquent bank directors to evade responsibility for lax conditions in their institutions on the ground that these conditions were unknown to them. The new Comptroller found a simple and effective means of making this excuse no longer available. When the examiners reported anything amiss the Comptroller communicated that fact to the bank, and also brought the matter to the attention of the directors. He went further and required the directors to sign a return letter acknowledging the receipt of his warning. They were thus estopped from setting up the plea of ignorance of what was going on in the banks whose affairs they were supposed to direct. This not only fixed responsibility upon them so far as the Comptroller's Bureau was concerned, but in case of the failure of their bank it made it very easy to hold them responsible for losses due to their negligence.

Mr. MURRAY as Comptroller not only did a great deal to bring negligent bank directors to a sense of their duty, but he did vastly more toward improving the standard of national bank examinations. He arranged the work of the examiners in a way to promote efficiency and inspired them with the importance of their obligations. His course in providing for coöperation with State and clearing-house examiners contributed greatly in correcting some of the defects of Federal bank examination and enhanced the respect of the bankers for the Government's efforts to supervise the national banks.

Mr. MURRAY as Comptroller gave his undivided attention to an improvement in the administrative affairs of the Bureau, and he succeeded in immensely increasing the efficiency of national bank supervision.

Opposed to Our Greatest Industry

FROM JAMES J. HILL of St. Paul comes the suggestion that Congress might adjourn for the space of ten years with profit to the country's business. True, this would to some extent curtail one of the principal forms of the country's business—the manufacture of statutes—but it might give everybody a chance to study a few of

the multitudinous measures enacted in the last few years.

Mr. HILL's suggestion should be amended to include all the State legislatures as well as Congress. Indeed, the chief menace to business comes from the innumerable State laws which nobody can find time even to read and which not even anyone possessing the shrewdness of the traditional Philadelphia lawyer could possibly understand.

Out of the ocean of new statutes inundating our desk, and which we are vainly trying to sweep back with a pen, we have rescued one pearl from the new Michigan "blue-sky" laws. After citing a voluminous list of things to be filed with the Michigan Securities Commission before an investment company shall invade the sacred soil of that State, it is declared:

"If it shall be an investment company organized under the laws of any other State, Territory or government, incorporated or unincorporated, it shall also file with the Michigan Securities Commission a copy of the laws of the State, Territory or Government under which it exists or is incorporated."

If it be supposed that this requirement does not mean all the laws of such State, Territory or government but only those applicable to such corporations, even then the task of collecting such laws will be a heavy burden. For example, in New York one would have to search through the Stock Corporation Law, the Banking Law and the Penal Code at least. A certification from the proper authority that the laws where the company is domiciled had been complied with ought to meet any reasonable requirements.

But it would equally serve the purpose of protecting the public, and would save great annoyance to legitimate investment business, if there were a simple Federal statute prescribing reasonable conditions to be complied with by investment companies desiring to make use of the mails. These conditions being fulfilled there should be no further interference from the States.

Though founded upon a praiseworthy motive, the so-called blue-sky legislation constitutes a serious menace to legitimate business. It is manifestly the aim of the States to drive out the unprincipled sellers of worthless "securities," but in attempting to accomplish this laudable end they are putting heavy and wholly unnecessary burdens upon legitimate investment business.

The Income Tax Bill

GRAVE objections have been urged against certain provisions of the Income Tax Bill—not as to the tax itself, but as to the extreme difficulty and inconvenience likely to be experienced in ascertaining the permissible deductions and exemptions. Experts who have carefully examined the bill contend that unless these provisions are modified some of the principal objects of the measure will be defeated and that great dissatisfaction with this scheme of taxation will result. Both the executive council of the American Bankers' Association and the Investment Bankers' Association have entered vigorous protests against the provisions referred to.

Some interesting observations in regard to the tax are found in the monthly circular of the National City Bank of Chicago, from which we quote:

"The proposal of an income tax involves questions of very great importance concerning which there are naturally honest differences of opinion. One thing to be borne in mind is that the enactment of the new tariff law will make the income tax a permanent part

of our revenue system; that the tax will be subject to change each year as the existence of a Government deficit or a Government surplus suggests; and that on the terms proposed the tax will affect such a small proportion of the population (estimated when the corporations are excluded at 2½ per cent. of the electorate) as to make it extremely probable that the vast majority of the voters who will pay no income tax at all will be willing to increase the burden as political expedients require."

An income tax is a more obtrusive form of tax than the tariff, but its unpleasant features will thrust themselves upon a comparatively small number of voters. The majority will no doubt enjoy the writhings of the rich in trying to escape involuntary contributions to a needy Government.

Taxing the Country's Commerce

ONE point ought to be kept before the bankers always, and that is this: any tax paid on extra circulation needed is a tax on the country's production and trade; any interest paid on rediscounts by a bank having good commercial paper and adequate reserves is also a tax upon trade and industry. By having to put this tax upon their dealers—and there is where it will be put undoubtedly—not only are the banks compelled to charge higher discount rates, but they also lessen their own profits, for the tax or rediscount charge paid to the Government or to a rediscount bank will take just that much profit away from the local bank.

If the country bank's security is good enough to serve as the basis of a loan from a bank of rediscount, it is good enough to secure the notes of the country bank.

The country banks should not accept any banking legislation which will compel them to take their commercial paper to a bank of rediscount and beg for some of the latter's notes.

They should demand the right to issue their own notes, which with the right security and under a proper system of redemption will automatically expand and contract without any tax whatever.

A tax on bank notes, whether it be in the form of a direct tax by the Government or an indirect tax levied by a bank of rediscount, is a wholly unnecessary burden upon the production and trade of the United States.

Making Bank Reports More Useful

FOR some years a New York bank has been receiving reports of condition of national banks from an agent who had access to such reports in the Comptroller's Bureau at Washington. Publication of the reports which national banks are required to make at least five times a year is required in local newspapers and while the aggregates of such reports are published by the Comptroller within a reasonable period after they are all received in response to each call, the itemized statement of each bank appears only in the Comptroller's Annual Report.

It is, of course, difficult for any one interested to get copies of the several thousand national bank statements as published in local newspapers, nor do the banks themselves take much pains, in many cases, to furnish copies of their statements.

The representative of the New York bank was lately debarred from copying these reports, on the order of Secretary McAdoo, who considered that

the bank was enjoying what might be considered an unfair advantage in having early access to this information. The bank states, however, that it was only doing what any other bank might do if it chose, and that the information it obtained was entirely of a public character. The Secretary does not seem to controvert this statement. Manifestly, however, it would be inconvenient if not altogether impracticable to allow a representative of each one of the 7,000 national banks access to the Comptroller's office for the purpose of copying the bank statements. This contention rests largely upon theoretical grounds, for only a small number of banks would go to the trouble of having the reports copied. But the slogan of the day is: "Equal justice to all and special privileges to none."

This incident brings to mind the desirability of having a prompter publication of the national bank reports in a form readily available to anyone who wishes to make use of them. Could such reports be had as soon as made, they might prove of considerable value, especially to the central reserve and reserve city banks. Aggregated they also form an index of the country's business condition.

Under the present system of handling these reports they come out too late to be of the greatest service; besides, as already pointed out, it is very difficult to get them all except once a year in the Comptroller's Report.

It would seem to be comparatively simple and inexpensive for the Government to publish the report of each national bank, following the various calls. These reports are not all received the same day, but daily publication could be made of the reports as fast as they come in.

The tax on the banks has been a source of considerable net revenue to the Government. It might be profitable to devote a little of this surplus income to the dissemination of prompt information of the condition of the national banks.

Barring the Bankers From Currency Reform Work

NOTICE has been served on the bankers by a resolution introduced in the House by Representative LINDBERGH of Minnesota (the author of the original money-trust investigation resolution) that their counsel is not wanted in framing currency and banking legislation. Here is the resolution:

"That it is the sense of the House that no member should serve on the Banking and Currency Committee who is a banker or agent or attorney for any bank or banker or who is the owner of any bank stock or other interest in a bank or who is directly or indirectly interested in the profits of any banking business."

Mr. LINDBERGH explained that ever since the Civil War Congress has allowed bankers to control financial legislation. Heretofore, he said, the House and Senate committees dealing with this subject have been made up chiefly of bankers, their agents or their attorneys. He maintained that our finances, including the actual control of legislation in Congress, have been surrendered to bankers.

Not long ago Mr. WILSON deplored the tendency to pay so much heed to the views of bankers and prominent financial men in shaping financial legislation, and Mr. LINDBERGH is only taking the same attitude as the President, though perhaps his position is a little in advance of Mr. WILSON's.

To those not familiar with certain aspect of American politics the posi-

tion of Mr. LINDBERGH and the President must seem inexplicable. But we can only regard it as a manifestation of that extraordinary political prejudice against banking that has predominated in the country's history since the adoption of the Federal Constitution.

Actually, of course, this prejudice rests upon no just foundation. The banker has no interest in banking legislation that is not substantially identical with that of all other members of the community, and no legislation is desired that will not benefit everybody equally as much as it will the banker.

We cannot believe that Mr. LINDBERGH is correct in his assertion that the country's banking and financial legislation has heretofore been dictated by the bankers. If bankers are responsible for the existing laws, by all means let Mr. LINDBERGH's resolution pass; keep the bankers away from the House and Senate committees and call in the cooks, the cobblers and the college professors, for they could not possibly do worse than has been done heretofore.

But we believe Mr. LINDBERGH's statement will not bear examination. Repeatedly within our memory representative committees have placed the views of bankers before Congress in regard to banking legislation, but these views have not been respected. Let us give a concrete case. The ALDRICH-VREELAND Law was denounced by the American Bankers' Association, and the Currency Commission of the association thus vigorously expressed its opinion of the failure of Congress to heed the bankers' protest against that weak and foolish measure:

"We are at a loss to know what the bankers of the country have done that their advice should be set aside, their judgment ignored and their wishes opposed in connection with legislation directly affecting the business in which they are engaged. Especially as they regard themselves as the servants of the public, and are fully assured that in any legislation affecting the circulating medium, their interests and those of the public are identical; for what is ultimately best for the country is beyond all question best for the banks. * * * As bankers we claim a practical knowledge of our business which experience alone can give. We think that with such knowledge and experience we should be counseled and our advice heeded in connection with any legislation affecting the banking and currency laws of the country."

In his diatribe against bankers Mr. LINDBERGH brings out the ghost of the so-called panic circular purporting to have been issued by the American Bankers' Association in 1898. This seems to refer to a sensational publication of a clumsy forgery denounced again and again by the American Bankers' Association.

The counsel of the bankers of the country should be of great service to Congress in framing banking legislation, and as the House did not adopt Mr. LINDBERGH's resolution, we do not expect to see bankers barred from the currency mixup that threatens to make the dogdays of 1913 notable in the financial annals of the United States.

Treasury Operations and the Banks

THE action of Secretary McADOO last month in making deposit of considerable sums in the national bank depositories at two per cent. interest was variously regarded—with approval by many country banks eager enough to get the deposits at the rate named, and with more or less disapproval by the New York banks which regard the work they do for the Treasury as a sufficient *quid pro quo* without being

asked to pay interest on the Government balances.

In taking the Treasury deposits the New York banks are in one respect at a disadvantage compared with the country banks. For while the national bank depositories are allowed to exclude the amount of these deposits in calculating the liabilities against which reserves must be held, the New York Clearing-House Association has decreed that its members shall not take advantage of this exemption. Besides, with money rates generally ruling higher in the country than in New York, the banks of that city cannot so well afford to pay the two per cent. rate on Government funds.

An individual who has large amounts of money to deposit in banks can hardly be criticised for a disposition to get the going rate of interest for his funds. The Treasury, however, is not in exactly the same position. It needs the services of the banks in many ways. In fact, the National Banking Act really contemplates the utilization of the national banks as fiscal agents of the Government, and they do actually perform important services for the Government gratuitously.

Besides all these considerations, it would seem that the Treasury in its capacity as mentor of the money market ought to act with great circumspection. It should not lose sight of the important relation which the banks of New York sustain toward domestic and international finance and should refrain from taking action that may affect these relations in a manner injurious to the whole country.

It is questionable whether conditions warranted the deposit of a large amount of Government funds in the banks. Exports of gold from New York rather indicated a redundancy of money in the banks.

That will be a fortunate day for the business interests of the United States when the Treasury of the United States no longer assumes to regulate the money market.

Bank Notes and Bank Reserves

WHILE the complete text of the new currency and banking bill is not before us as this is written, two of its provisions appear pretty well settled. These relate to the issue of bank notes and to the distribution of bank reserves. It is proposed to limit the issue of notes to a certain number of new reserve institutions which are to be "bankers' banks," owned by the existing banks. Reserves are also to be gradually, in part at least, withdrawn from the present reserve banks and deposited in the new institutions.

The first of these proposals doubtless rests upon the distrust of conferring the note-issuing function on a number of small independent banks. On the score of safety, of course, this objection is not well founded, for by applying a small proportion of the present tax on circulation as a safety fund the notes of all the national banks, even if issued without special security, could be made safe beyond question. On the score of inflation the issue of credit notes by all the national banks has been much criticised; but under careful regulation, and with a proper redemption system, this objection would not obtain.

The simple fact is that it is on every ground much more dangerous to entrust banks with the power to manufacture book-deposit credits than bank-note credits. Whether a borrower at a bank should get the proceeds of his loan in the form of cash, bank notes or bank-book credits against which checks may be drawn—all this is his own business,

not that of Congress, the Secretary of the Treasury or any governmental authority or arbitrary artificial instrumentality whatsoever. The Government should see that the notes are good: that is, it should provide simple legal safeguards against depreciation or ultimate loss.

And the small banks, having proper security and sufficient reserves, if compelled to borrow the notes of other banks instead of issuing their own, will have to pay for a service which they themselves should perform, and this cost they will manifestly pass on to the business community. Thus a serious and wholly useless tax will be placed on the country's production and trade, and solely for the profit of the banks owning the regional reserve institutions.

While all the foregoing is true, there are nevertheless some sound arguments in favor of the limitation of note issues to a few large banks. This MAGAZINE has repeatedly suggested that our currency difficulties would be greatly reduced if the banks of the central reserve cities were allowed to issue their credit notes. On the ground of economy and convenience much is to be said in favor of such limitation of note issues; that is, it would be less costly and would save much labor to have the notes issued by a few hundred banks instead of by many thousands. But we strongly believe that the right to issue their credit notes would be of immense service to the small banks of this country, or rather of benefit to the small traders, merchants and farmers, who deal with these banks.

Perhaps, while the present national bank notes are outstanding, and assuming that they will be gradually retired, the privilege of issuing credit notes might be restricted to the central reserve city banks while this retirement is in process. Then the privilege could be extended first to the banks of the other reserve cities, and finally to all national banks.

As to the proposed taking over of all or part of the bank reserves (or, more properly, the reserves which one bank holds for another) that is a very grave matter and one scarcely possible to discuss in the absence of details which are lacking at the time this is written.

We cannot see much in the regional reserve bank scheme. What is it in substance? Let us suppose that a regional reserve bank is established at St. Louis. Is there any solid ground for supposing that such an institution could more efficiently handle the reserves of the banks in that territory than they are now being handled by the St. Louis banks? Or does the scheme contemplate that the so-called country banks would not necessarily shift their reserves from the St. Louis banks to the regional reserve banks, but that the St. Louis banks would redeposit with the new concern; that is, the cash they now hold as reserves for other banks would be turned over to the regional reserve bank, thus converting cash reserves into "tickets."

The present reserve banks of the country, particularly those in New York, Chicago and St. Louis, have extensive relations with banks all over the country. Through long experience in dealing with these out-of-town correspondents they have become rather intimately acquainted with the conditions, the banks and the bankers of various localities and have developed as high a degree of efficiency in dealing with these localities as any new "regional" banks could attain in a long time.

Equip the existing central reserve city banks with the right to issue credit notes, and require these banks to have larger capital and reserves, and "regional" banks would probably not be needed.

Developing Our Foreign Trade*

By John Clausen, Manager Foreign Department, The Crocker National Bank of San Francisco.

THE casual observer of foreign trade conditions can not fail to be impressed by the inevitable progress of economic developments in our relations with foreign countries. In view

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of the greatness and steady growth of our foreign trade, it is, therefore, desirable to determine the countries which buy our goods freely, not alone for the purpose of finding out where our goods are sold, but also to discover the countries enjoying the largest measure of prosperity. Practically every country —with the possible exception of England (with its colonies) and Germany— provides for itself the greater portion of its necessities, and in times of depression is able to get along without importing any very large quantity of food and raw material. When, therefore, a country is buying goods from another land freely, it is evident that its people are enjoying great prosperity. The condition of prosperity in a country is reflected by the magnitude of its imports. However, where large imports into a "debtor" country reveal its ability to borrow freely, large exports to neighboring countries show the growth of its permanent wealth and power.

The really wonderful expansion in out exports, both to foreign countries and to our own possessions, impresses upon us the necessity of becoming more familiar with the proper handling and financing of our shipments abroad. The universal clamor of our merchants for banking facilities in foreign countries —more particularly in Central and South America—is well founded, and banks throughout the country should take early heed to establish suitable relations in order to adequately care for the requirements of their clients. Trade is ever the forerunner of finance, and it is essential that the American merchant should take the initiative by preparing a systematic and vigorous campaign for the sale of his goods in foreign countries; and if the proper spirit of coöperation is exercised, he need have no fear of any handicap, as capital will spontaneously follow with ample facilities for transportation and banking. These facilities will go hand in hand with trade, and they will grow together.

What we must therefore first look for, is the development of our foreign trade, and to properly do that we must acquaint ourselves with the customs and languages of foreign countries, and also modify the present home business-

* Address delivered at the Annual Convention of the Texas Bankers' Association.

winning methods to suit the sentiments and prejudices of our foreign friends. Knowledge of foreign currencies and exchanges is indispensable if an intelligent competition is to be sustained abroad. We must know what we can sell, and under what conditions we can negotiate our goods, as it becomes necessary to meet the competition of all other countries; and to do that successfully, we must study and meet the requirements of our buyers, or retire from the field of the world's commercial struggle.

When inquiring as to the prosperity of a country, people never fail to glance at its trade returns, and to note any increase or decrease in its imports and exports. If a country has discovered new natural resources in its soil, or has found means of making better use of the productive powers already known to it—then it exports—and, accordingly, the whole of its foreign trade increases, which undoubtedly is a sign of prosperity.

Our government encourages and facilitates such studies, as is demonstrated by the establishment, in the year 1903, of the "Department of Commerce and Labor," with its organized effort to develop new markets for our products, either locally or in foreign lands. "The Bureau of Manufacturers" has since been created, and in August of last year the "Bureau of Foreign and Domestic Commerce" was organized—to foster, promote and develop the various manufacturing industries of the United States and create a market for its products at home and abroad. It is apparent that but few merchants and bankers realize the valuable service that can be rendered them by the Federal Government in developing foreign trade.

Financing Our Foreign Trade.

The building of the Panama Canal involves the expenditure of over four hundred million dollars, and when completed will open a great new trade route which we are prone to believe will immediately place our country in a position to command the greatest share of the Pacific trade. In this, however, we must not be illusionized, as unless we speedily reform our banking system so that we may be in a position to adequately finance the Panama Canal trade, a good part of the capital invested for the construction of the great canal will be wasted, and our competing neighbors in Europe will derive the benefit of our undertaking. We must therefore endeavor to get the commerce and finances of our country intimately interwoven and related, and when this is successfully accomplished we have the most powerful combination in the world; namely, the control of trade and credit.

Our banks are now forbidden by law to accept trade or finance bills—which makes our banking system unique and unlike that of any other country—and while I am not prepared to admit that an American organization with the specific object of financing commercial operations with foreign countries is vitally essential for the developing of our trade, it seems to me that it is desirable for our banking institutions to inform themselves fully on the subject, and then provide such changes in our present system as will secure and hold the trade firmly in our hands. In other words, I believe the only practical way is to do the financing through a center in our country—say New York—precisely as at present it is done in London and other European points.

Foreign banks, more particularly those in London, practically now finance our foreign trade, and for that service the banks in this country are paying them a fancy remuneration.

It may be of interest here to show how the London bankers finance our foreign trade, and we may take as an example a shipment of merchandise from South America to a commercial center in the United States.

The shipper in South America is not in a position—we will say—to await the arrival of the merchandise in the United States and the return of a remittance, before receiving in cash the amount of the invoice. On the other hand, the purchaser here is unable—

for various reasons—to effect payment before the goods arrive, and until they have been paid for by his customer.

A commercial letter of credit is therefore suggested and supplied by his local banker, which authorizes the shipper in South America to draw against the bank's London correspondent—say at ninety days' sight—with shipping documents attached, covering the value of merchandise to be shipped. The issuance of this "credit" is duly advised to the London bank, and the letter of credit is delivered against the usual guarantee of the merchant here, who in turn forwards same to the shipper with the necessary instructions to effect shipment within a specific time (which is also noted on the credit), as well as the manner in which the insurance is to be effected. Immediately upon receipt of this instrument the shipper arranges to make the shipment, obtains the required set of bills of lading, invoice and insurance certificates, and takes them with the letter of credit to his local banker, who prepares a draft on London drawn under the terms of the credit. The draft is then discounted and the shipper receives his money.

The South American banker then forwards the draft and documents—excepting such documents as the bank which extended the credit may instruct to be forwarded direct to them—to his London agent. When this draft and documents reach London, an acceptance is secured and the bill is then held for maturity, or discounted, as may best suit the interests of the negotiating bank in South America. Upon acceptance of the bill, the London bank that gave this requisite, retains the documents, which are later forwarded to the bank in the United States that opened the credit, with an advice of the amount for which the draft has been accepted, as also the date of maturity.

The documents are then delivered to the customers, under what is termed a trust receipt, and they, after defraying the amount of duty, obtain possession of the goods. Some ten or fifteen days before the draft or acceptance becomes due in London, the amount is converted into United States currency at the prevailing rate of exchange, and collected from the client, who is also called upon to pay the usual commission charges. The amount collected is then credited by the local bank in the account which is carried with its London correspondent—the accepting bank—and thereby provides for the draft at maturity.

On all such transactions the London bank—while in no way advancing the money—receives a substantial commission.

When we now consider that the total exports of merchandise from the United States to foreign countries will approximate twenty-two hundred million dollars in the fiscal year 1913, and our imports will conservatively run into seventeen hundred million dollars, it can readily be seen that large profits resulting from acceptance and commission fees are yearly poured into the coffers of our banking friends abroad.

The present prohibition of bank acceptances not only acts as a hamper upon our foreign and domestic trade, but is for obvious reasons a detriment to our financial institutions as well, and in my opinion there is no valid reason why bank acceptances—to at least a moderate extent—should not be legalized.

It will here be for more particular interest to my Texas friends to learn that during the year 1912 our exports of cotton to British India amounted to seventy thousand bales, valued at three million, seven hundred and fifty thousand dollars; and to China the exports of raw cotton for the same period were twenty-eight thousand bales, valued at one million five hundred thousand dollars. When we consider that these countries are also producers of raw cotton, this movement is quite a recent —very pleasant—and beneficial development in our trade, more particularly when cotton exports to either of these countries were practically *nil* prior to the year 1911.

The world's production of this commodity is estimated to be seventeen

million bales (500 pounds to the bale) of which, approximately, twelve million bales are grown in the Southern States of our country. The question, therefore, of properly financing the immense production of this and other commodities should not alone be of great interest, but also of vital concern.

Financing Our Domestic Trade.

In Europe authoritative institutions lay down the discount and loan rates which automatically guide the entire banking system in its dealings with individual clients, and the existence of an open discount market which permits financial institutions to employ funds in the purchase of bankers' and prime merchant Acceptances, and to rediscount the same when cash funds are needed—these are the principal aids to a more liberal system of financing our trade at home.

Of course, the value of money, apart from the question of whether the open market-rate of discount is slightly under or slightly over the bank-rate, will be governed by the strength of a selected central institution, and the prospect of a demand upon its stock of gold reserve, as is the case with our British friends and their relations with the Bank of England.

When trade is active the supply of bills becomes large and rapidly absorbs the loanable funds of banks. As the demand for funds in this direction becomes active, the banks are unwilling to discount except at advanced rates.

If trade is inactive, less accommodation from bankers is required, and this results in a keener competition for the few bills offered in the open market, with a consequent decline in the rate of discount.

While these conditions are symptoms in governing the discount rates in Europe, our call-loan rate as quoted in the New York market, only has an indirect relation to trade conditions, and registers mainly the speculative demand for stocks.

Complete banking coöperation is absolutely necessary to control arising panics, and while our banks have demonstrated this by being compelled in times of stress to fall back upon their local clearing-house associations, it is only by coöperation and the consequent fixing of a uniform rate of discount that we can control the flow of gold and thereby prevent our periodical panics.

The ready elasticity of credit which such discount market would give at home, as a matter of fact would also have its direct effect upon our foreign trade.

Trade bills—it is said—were in common use in Venice as early as the Thirteenth Century, and have even been traced back to the Florentines, by whom they were first used in the Twelfth Century. A trade bill means a draft drawn in connection with actual Trade Operations, and the term is used to distinguish the paper from a bank, finance or accommodation bill.

Foreign Department.

It is only within recent years that the foreign department has become a recognized institution in the United States, and the education of the American banker along these lines, the need of specialization and knowledge of foreign banking and exchange methods, can not be too strongly urged. It should be the object of every progressive bank to wisely train young aspirants for such positions. Education in that line is tending to have a broader meaning, and we are recognizing more every day that to be a successful foreign exchange banker a person must know something besides mere technical banking.

The present is often called the age of specialization and it is so in a very large sense; but specialization has its limits, and those limits are the intimate connections to-day between every line of human activity in the Civilized World.

There are a great many bankers who while perfectly willing to reap the benefits derived through a foreign department hesitate to install one, claiming that they do not understand the

business, and are therefore unable to efficiently control its manager and his varied operations. These are very poor excuses, and unless the particular banker offering such an argument begins to make special study of foreign credit and exchange conditions as they exist in financial centers, he will soon be obliged to deal in unknown quantities—which condition he can not well control with his own country catering for new and larger fields and outlets for its products.

Special efforts should therefore be made by banks to develop foreign business, and in seasonable time the establishment of desirable connections abroad should likewise be observed; not because the foreign exchanges themselves exercise a strong influence on international trade— their fluctuations produce a powerful effect upon those countries where the currency is defective, where, therefore, the limits of fluctuations of the exchanges are very wide.

To properly handle foreign exchange operations it is necessary to keep fully posted on the principle rates as they are quoted in the leading financial centers, from which a "parity" is figured, enabling a quick determination of handling any proposed transaction to the best advantage. For instance, an inquiry for exchange on Germany may disclose the fact that the given rate is not competitive, and it may therefore become necessary to operate against—say francs in Paris, or sterling in London,—from which will be seen the advantage of receiving the before mentioned information, as it offers all the possibilities of successfully operating in the international exchange market.

It will be found in practice that finance bills are generally drawn freely when exchange is high, and conversely an absence of these bills will be noticed whenever exchange is low. Foreign capital will travel to the United States more readily when exchange rates are quoted high in Europe, and will in turn be withdrawn from here when exchange rates are low abroad.

There are two main factors which generally affect foreign exchanges: One is the relative indebtedness of the respective countries. If this country, for example, is in debt to the other, then the price of bills on that country naturally tends to rise in the market, because the merchants compete with one another in their endeavor to buy bills to remit; while in the other country's market, the price of bills on this country will fall owing to the lack of demand. The other disturbing factor in the value or price of money in the respective countries, regulated by the rate of discount ruling in each.

To successfully finance the steady growth of our foreign trade necessitates a very active business in the settlement of balances of trade indebtedness. These balances are constantly varying, not alone in amounts, but also in direction. A certain country may, for instance, at times be in debt to this country, and again, shortly afterwards, the position may be reversed and we will be owing them.

In conclusion, I wish that time and talent were mine to treat still further on a subject so broad and interesting; but I hope the foregoing remarks have suggested the advisability of so arranging our banking system as to enable our financial institutions to lend the proper support in the upbuilding of our foreign trade.

Small Bills at the Bank of France

BY the recent annual report of the Bank of France it is shown that in the last year the bills discounted numbered 16,167,500, of which 8,909,000 were discounted at Paris and of these 247,000 were between five and ten francs ($1 and $2), 2,843,000 between ten and fifty francs ($2 and $10), and 1,714,000 between fifty and one hundred francs ($10 and $20). In other words, about one-half the discounts at the Paris offices were small bills.

Branch Banking in England

BY W. F. SPALDING, CERTIFIED ASSOCIATE INSTITUTE OF BANKERS, LONDON.

THE fiftieth anniversary of the establishment of the American National banking system was a subject of much interest to the British banking community, and while hesitating to sound a discordant note in the chorus of praise with which this wonderful achievement has been received, the writer ventures to suggest that a closer approximation to English branch banking would better serve the interests of the American people.

A perusal of the many articles that appear on American banking subjects leads an Englishman to the conclusion that the United States adhere to the national banks purely from democratic sentiments, and any attempt to amalgamate existing forces is at once condemned as leading to centralization of banking, which, it is argued, is not conducive to the best interests of either the American banking or commercial communities. Yet a brief examination of banking in England will show that there is no more democratic system extant than the British system.

In February, 1913, America is represented as having 7346 national banks with a united capital of *$1,056,000,000; at the same date the United Kingdom could show 279 banks with 8,497 branches, controlling an aggregate capital of $415,296,335.52, assets $6,312,551,496.68 and reserve $241,228,615.32, which may be said to represent approximately our total banking strength. The figures include the Bank of England and also 124 foreign and colonial banks, and it is calculated that the banking deposits in the United Kingdom are equal to $136,294 per head of population.

ENGLISH BANKING FACILITIES WIDELY DISTRIBUTED.

Although in the strictest sense of the word decentralization is not a prominent feature in British banking, yet in practice there is a very general transference of banking functions from the central institutions in London to local centres. Every city, town, village or hamlet now has its bank in some shape or form, and investigation shows that no matter how small the place, so long as men are gathered together in commerce, industry or agriculture, in that district will be found representatives of the great English joint-stock banking institutions. In London, of course, banks are now to be seen at almost every corner—they carry through the every-day banking transactions, assist in stock exchange operations, and are continually seeking to extend their sphere into the domain of foreign exchange. In every English country market town banks transact business daily in their own offices. In the more remote towns they perhaps do not find it necessary to open more than two or three days a week, and in some villages the banking operations of the neighborhood are terminated in a few hours on one day a week. But, in the small rural districts where business does not call for the upkeep of a building, the bank will be found located, sometimes in a tumble-down corrugated iron shanty, sometimes in one room of a poor cottager's domicile, and sometimes a sign is exhibited on the railway stationmaster's house announcing that the Blanktown Bank is open for the transaction of all banking and currency operations, say, every Wednesday from 1 to 2 p. m.

ADVANTAGES OF THE BRANCH SYSTEM.

I do not think the American system meets the demands of the rank and file in such an efficient manner, nor do I think that the Law of 1900 by which authority was given to create small banks with a capital reduced from $50,000 to $25,000, is likely to remedy this defect in the United

* Figures in each case are taken at $4.84 to £1.

States, since it is obvious that such banks, restricted to one locality, are certain to be adversely affected by local causes. In the event of trade or agricultural depression, for instance, the bank is the first to feel the effects, and the ensuing stagnation of business is certain to be injurious to its welfare.

Long experience in England has shown that the branch bank can exist where it is impossible for an independent institution to pay its way. It has been found that the large banks with numerous branches are not liable to be affected by the same set of causes at any one time—a strike in one part of the country will cripple business and the local bank has to suffer, but if it is a component part of one of the larger institutions, its funds are merely transferred to its more prosperous confreres for the time being. Again, a branch bank is always able to meet a run by the aid which is immediately forthcoming from the head office, while a locally constituted bank has merely its own resources on which to rely.

Similar arguments are applicable in other circumstances. One branch bank from a variety of causes may have a plethora of deposits, or it may be that the particular district in which it is situated is suffering from a period of agricultural depression; what is more simple than for it to transfer the excess funds to another branch of the bank in a busy manufacturing centre, there to be used in profitable banking operations?

To the English or Scotch banker it is a matter for wonderment that progressive America has never adopted branch banking. The separate State banks, the national banks and the trust institutions are doubtless marvellously efficient bodies, but it is manifest that a proportionately larger capital is necessary for each independent bank than would be required under our branch system, and, as I have shown, there is much less risk attendant upon a number of central banks with numerous allied branches, since the evil effects of local causes are discounted by the diversity of operations carried on by the branches spread over a wide area. Conditions which bring an isolated local bank to grief merely serve to show the strength of a branch bank's parent institution, and in many cases in England such have contributed to restore the equilibrium of a panic-stricken market.

The application of the branch banking system in England has for effect the linking up of the commerce of every district; it equalizes the supply and demand for capital and banking facilities, tends to keep one uniform interest rate ruling throughout the country, and, finally, it serves the interests of the humble peasant no less efficiently than those of the belted Earl. The system, containing as it does, all the good that could possibly be sifted from the rubbish of antiquity, has much to recommend it, and it is certain that many points in its machinery are capable of adjustment to American conditions.

Was On The Job

IN the old days when Mr. Mattheson was paying teller, he used to relate an incident in his experience which had a wide circulation at the time and was published in many newspapers. It will bear repeating, as there may be but few now who recall it.

One day, a mere slip of a lad employed by one of our depositors presented himself at the window and drew quite a large sum of money for a payroll. Shortly after leaving the bank he returned in great excitement and putting his hand on the glass, panting, broke out:

"Say, mister, did you send for me?"

"No."

"Well, there is a man outside who told me you wanted to see me and that he would take the money to my boss."

"Did you give it to him?"

"No, I axed him could he catch a weasel asleep."—*Number Forty.*

Regulation of the Issue of Bills of Lading

By Guy Edward Snider, Ph. D., Instructor in International Commerce, College of the City of New York.

NO feature of banking practice affords opportunities so peculiar for profit and loss as dealing in foreign exchange. The recent revelation of certain fraudulent deals in New York, totalling probably half a million dollars annually, finds its counterpart in some section of the country. There is now pending in New York a suit against a trust company for $5,000,000 on account of losses in fraudulent bills of exchange. Every year the banks of this country accept a contingent liability of $5,000,000,000 involved in financing the movement of goods. The profit on this business is small, ranging from 1-32 to 1-8 of 1 per cent. On the other hand, the inducement to undertake it is that the banks, for the most part, lend their credit rather than their capital. A $25,000 bank in the South may handle $1,000,000 worth of bills in a cotton-moving season, and at the same time carry on its ordinary banking business.

Basis of a Bill of Exchange.

The basis of a bill of exchange is the sale of goods, commodities, securities or service. For example, an American exporter, having arranged terms of sale with an English buyer, ships the goods. He secures from the carrier as a receipt for the goods and a contract of affreightment, an order bill of lading. The possession of this "order" bill of lading entitles the authorized holder to the goods; consequently it becomes a credit instrument. The shipper draws a bill of exchange for the value of the shipment upon the buyer or his bank and, with the bill of lading as security, sells his draft to the local bank. The local bank in turn, sells the draft at some foreign exchange center, usually New York. The New York Banker sends the bill to London for discount, and sells his own draft against the credit thus established in London. The turnover of capital has been rapid and little capital has been tied up by the transaction. The facilities which it offers to the banker for quick profit and to the merchant for rapidity of turnover, have led to the extensive use of this method of financing business in this country.

Opportunities for Fraud.

Opportunities for fraudulent abuse of this commercial and financial machinery are present at every step. In the deals above referred to it appears that the consignee of the goods was not a bona-fide purchaser, and that the bank agreements of acceptance were fraudulent; furthermore, the contents of the cases noted in the bills of lading were falsely describeed. In the Knight-Yancey frauds of 1910 the buyers of the cotton abroad were bona fide, but the railroad agents issued bills of lading without the receipt of the cotton.

Such transactions as these involve the shipper, who is also the drawer of the bills of exchange, the carrier, who is responsible for the delivery of the goods to the holder of the bill of lading; the banker who has advanced his capital on the security of the bill of lading, and the buyer of the goods, who is also the drawee.

The risk of loss devolves upon each party at some point in the transaction. The law has not kept pace with commercial practice, and in the case of the bill of lading, stops short of recognizing it as a credit instrument.

This relieves the carrier of responsibility for the action of its agent and

throws the real burden of the risk upon the bankers and the acceptor of the draft. For ten years there has been a cumulative movement, the object of which was to adjust the laws to commercial practice.

Movement in Behalf of Uniform Bills of Lading.

A decade ago the number and kind of bills of lading were legion. Each carrier had its own form and term of contract. The chaotic conditions surrounding the contract, the question of responsibility when a shipment passed through the hands of several carriers under different forms and terms of contract, led the Illinois Manufacturers' Association and various trade organizations to institute in 1904 a movement to secure a uniform bill of lading. They petitioned the Interstate Commerce Commission for a hearing on the subject. The Commission granted their petition, and a hearing was held in Philadelphia in which the shipper and the carrier presented their cases. The Commission was in doubt as to its authority to make a ruling in the matter, but suggested the formation of a joint committee of shippers and carriers to formulate a uniform bill of lading acceptable to both parties.

Of the twenty-five billion dollars' worth of goods annually carried on bills of lading, five billion dollars' worth are carried on the "to order notify" contracts. In the ordinary bill the interests of the shipper and the carrier only are involved; in the order bill the shippers' interests are subordinate to those of the banker who acquires from the shipper title to the goods. The five billion dollars advanced by the banker to the shipper on the security of this title gave the bankers cause for lively interest in the proceedings of the joint committee appointed by the Interstate Commerce Commission. At their annual meeting in 1905, the American Bankers' Association appointed a committee to confer with the joint committee of shippers and carriers.

The joint committee was well along in its negotiations, the shippers and the carriers found their interests were not far separated, and the shippers seemed about to secure their object, when the committee of the bankers applied for admission to the conference. The interests of the bankers and the carriers clashed. Their differences involved the risk concealed in $5,000,000,000 of negotiable papers. This risk was annually resulting in the loss to the bankers of hundreds of thousands of dollars. The bankers' committee found individual cases showing a loss as high as $320,000. The bankers held that this loss was due almost wholly to the action of the carriers or their agents. They enumerated the causes of loss as due to:

1. The issue of bills of lading without the receipt of the goods.
2. The delivery of the goods without the surrender and cancellation of documents.
3. Altered bills of lading.
4. Forged bills of lading, including change of genuine straight, to forged order bills of lading.
5. The issue of duplicate bills of lading, the original bill still outstanding and uncancelled, and the shipments of goods being diverted.
6. The liability imposed by the courts for quality and quantity of shipments.

The bankers were refused admission to or representation on the joint committee. The bankers' committee did not accept one refusal but made repeated efforts to secure representation and failed.

The fight was on. The bankers quietly worked on the problem and in 1906 had a bill introduced in Congress regulating bills of lading. Railroads were not over popular and the carriers then consented to admit the bankers to the conferences of the joint committee. The bankers allowed their bill to die in the committee. Congress passed the railroad rate bills which included a clause "holding the initial carrier liable for all damage caused by carriers." This settled the main point of difference between the carrier and the shipper, and they were

ready to draw up the uniform bill of lading. The joint committee continued its work, and disregarding its promise, refused to admit the bankers to their conferences. They completed this work in 1907 and reporting to the Interstate Commerce Commission in 1908 recommended the uniform bill of lading as drawn up by the joint committee to all railways, and it was adopted by most of the roads in the North and West.

Failing in their efforts to secure a hearing in the joint committee, the bankers began to quietly organize their forces for an aggressive defense of their interests. They spread their influence throughout the country. In twenty-eight States they organized local committees to work for legislation on bills of lading, not only by Congress but also by States. They secured the co-operation of the Commission of Uniform State Laws, which drew up a code of law on bills of lading. With this backing they began to press the matter upon State legislatures.

In 1907 a fourth interested party appeared in the contest, the commission merchant and the broker—the receiver of goods and the acceptor of drafts secured by bills of lading. The interest of these parties was as keen as that of the bankers. In a conference of trade and financial organizations it was said that $500,000,000 was paid out annually by the New York Cotton Exchange members on drafts with bills of lading as security: that a large percentage of the business of the wholesale grocers; the bulk of the business of poultry and game trade; and seventy-five million dollars' worth of business in the butter and egg trade, was handled on order bills of lading. Losses due to carelessness and fraud were reported as aggregating hundreds of thousands of dollars.

The united forces of the bankers, assignees, and shippers marshalled in their ranks the financial and commercial interests of the country. To enumerate the organizations represented in the movement would require several pages of this magazine. Illustrative of their strength and wide-reaching influence is the National Traffic League which is composed of thirty Chambers of Commerce and in addition the largest shippers of grain, lumber, merchandise, iron articles and cotton in this country; the American Bankers' Association with its affiliated organizations in every State; the National Poultry, Butter and Egg Association; the New York Cotton Exchange; the American Warehousemen's Association, etc., etc.

State legislatures began to have an awakened interest in the bill-of-lading problem; here and there newspaper articles began to appear; local traffic and mercantile associations passed resolutions which found their way to Congressmen. Bills drawn by the counsel for the American Bankers' Association were introduced into the House and the Senate in 1908. They were referred in each House to its Committee on Interstate Commerce. Committee hearings on the bills have been held in 1908, 1910 and 1912 at which the various interests have been well represented by counsel and witnesses. At the public hearings on these bills the clash of the carriers' interests with those of the shippers, bankers and receivers was clearly outlined.

Gross carelessness, want of system and lack of protection in the issue of order bills of lading was proven against the railroads. It was shown that blank order bills of lading are freely distributed by the railroad agent, the particulars of which are filled in by the shipper in his office. They are then presented to the agent for his signature. So careless or so accommodating are some agents that they deliver blank order bills of lading with their signatures affixed. In these cases the shipper sometimes receives his money from the banks on the security of the bills, without any goods having been received by the railways. One firm defrauded consignees and banks abroad of about five million dollars in this manner.

Naturally, the bankers demanded protection against a system which is so easily abused and argued that the railways should be held responsible for short shipments due to the carelessness of railway agents. It was not in their power to check up shipments, but it was in the power of the railways to control the action of their agents.

The law is yet to be passed which will bring relief to the bankers, but the question bids fair to be one of the most important which will be taken up by the new Congress.

The Conservation of Business; or Maximum Efficiency

By W. R. Morehouse, Assistant Cashier German-American Trust and Savings Bank, Los Angeles, Cal.

SINCE the responsibility of inventing and manufacturing modern bank equipment can be safely entrusted to our progressive American manufacturers, bank managers are free to turn their attention from the purely mechanical to the human side of the bank. The mechanical side has predominated so many years that it will be hard for some bankers to loosen their grasp on methods, systems, and equipment and take at least an equal interest in "personal contract." Bankers of to-day, however, have broader views than those held twenty-five years ago. No longer is the employee spoken of in the sense of his being merely a mechanical device added to the equipment; but he is now a part of the great human side of the bank, and he is expected to take an active part in "business getting" and "business conserving"; and when he fails to measure up in these particulars he ceases to be a valuable asset of the bank. Perfect equipment facilitates banking, but the highest degree of a bank's efficiency does not find its source in the mechanical. What is efficiency? Highest efficiency is 100 per cent. efficiency in the service of 100 per cent. of the employees, applied to every transaction.

Methods of Developing Efficiency.

Many are the methods in use for developing greater efficiency. Employees are advised to study books dealing with office management, salesmanship, etc.; yet the greatest possible profit to be gained from these is only nominal, inasmuch as the illustrations used have more to do with merchandise than banking transactions. Occasionally we find a banker seeking to increase the efficiency of employees under him by persistently reprimanding them for each petty, as well as serious mistake; and a few others go even farther, and discharge one employee after another, with the expectation that many tryouts are necessary to find the efficient employee.

These banks will continue to wonder why business is slipping away, and they will be as ignorant of the real facts ten years from now, unless they ascertain what their employees are saying to their depositors, and how they are saying it. There are many young men of character and ability who are willing to learn, and who are putting their best into their work; but the average bank manager has no means of accurately estimating their efficiency. It is true, he usually has some estimate, but this is derived from general sources only, and mere observation and hearsay are quite insufficient to give him the true perspective.

To repeat, the one great problem which confronts all bankers is: What is the employee saying to the bank's customers, and how is he saying it?

Are his answers accurate as to facts, and are they intelligently and clearly expressed?

For example, the employee is freqently asked in one way or another, "Is this bank safe?" The question at first thought appears ridiculous, but it means a great deal to the inquirer as to how it is answered, and means no less to the bank. The average employee would possibly reply, "Sure, no doubt of it"; or "Best bank in town", or something similar and equally meaningless. He has not only avoided answering the question satisfactorily, but his answer is abrupt and savors of ridicule, and very often the customer is humiliated by it. Nevertheless, such answers are made day after day, and yet our most enterprising bankers are groping about, vainly endeavoring to understand why they are losing so many customers, on one hand, and not getting their share of new business, on the other.

In replying to such a question as the above, it is only necessary to give a few facts about the bank, stated in a sincere manner. The following would give entire satisfaction, for example. "This bank has a record of over twenty years of successful banking; it has a large paid-up capital and generous surplus; it is conservatively managed by men of large business experience, and has a strong directorate. Its loans are amply secured." To clinch the points made, leave this thought with the inquirer: "This bank never speculates." Compare this answer with the one generally given, and you will be able to estimate the value of efficient service.

Little Helps to Depositors.

As a further illustration, there is a universal rule among banks that the employee shall not make out the deposit ticket for the customer. There should be exceptions to the rule, nevertheless employees are inclined to rigidly apply it, regardless of circumstances that may surround the case; and accordingly they push back the depositor's money with the command that he first make out a deposit ticket. The teller has performed his duty, but how poorly. Not infrequently an expression of displeasure displays itself upon his face, as if to indicate that he has been imposed upon.

It is good banking to have the depositor make out his own deposit ticket, but the depositor may not recognize the importance of this until it has been fully explained to him; consequently it is no uncommon thing to have the depositor blankly refuse, and at the first opportunity transfer his account to a bank that is at least reasonable.

As a rule, depositors are not cranks, but cheerfully comply when the importance of making out the ticket is explained. The result of the whole transaction pivots on how the depositor is refused, and unless some plausible reason supports the request, the majority of depositors will think the employee is obdurate and lazy. In many cases the depositor does not know how to make out the ticket, and if this is the case it becomes the duty of the teller to instruct him. Many accounts are lost to the bank that fails to appreciate a depositor's position when it comes to filling out the deposit ticket.

Examination of Employees.

It is a wide diversion from the long-used custom for a bank to examine its employees, as is done in the schools, for example; but written examinations afford the only logical way out of the difficulty, by definitely disclosing the efficiency of the employee. The chief recommendation of this plan is that it strikes at the very foundation of the factor we are calling "efficient service;" and because it proves in a very large measure whether efficient or inefficient service is actually being given to the public. It brings into concrete form the language used by the employee in the transaction of the bank's business, as between the bank and the public; and it makes it possible for the bank to know whether the employee is correctly informing its depositors. By these answers the bank also gets a true inventory of the employee's intelli-

gence, thus making possible the maximum efficiency so needful to conserve the bank's business. The written examinations should be required especially in cases where bookkeepers are advanced to tellers' positions. They are too often advanced without any semblance of demonstrating their efficiency in meeting and popularizing themselves with their customers.

It will be readily imagined that there are many surprises ahead for the banker who has never inventoried his force of employees by use of examination, and does so for the first time. Those whom he has praised for their capacity will sometimes be found very disappointing, while employees of whom little is expected will often evidence superior intelligence. Occasionally employees who have been meeting the public for years, in the interim answering thousands of questions, will be found lacking in very ordinary matters. Some of those favored with every opportunity to add to the efficiency of the bank's service will be found to be only partially efficient. Many of the employees longest in the service of the bank will be hunting for a rule-book when a written examination of the rules governing accounts is announced.

A large savings bank and trust company in Southern California has used the written examination plan with remarkable success. The first set of ten questions was distributed to thirty-two employees, and of the three hundred and twenty questions asked, only one was left unanswered. This shows the interest of the employees in the examination. The answers to the questions were very interesting, inasmuch as they disclosed the information being given to the customers. There were indeed many surprises in this case, for employees who were considered well informed were found to be sadly in need of instruction. Information had been given out that was incorrect, which reflected the inefficiency of the service. It was apparent that the majority of the employees understood in a general way the principles of banking, but nearly every employee was in need of development at some point. Many were acquainted with the technique, but were unable to express themselves clearly, with the result that their statements were misleading.

It is recommended that one examination be held each month for at least six months, and that at least ten questions be proposed at each examination. Each set of ten questions may be prefixed by the rules governing, of which the following is suggestive:

Employees Instructions.

In answering these questions you will use such language as though answering orally to a customer. Please do not engage the assistance of any other employee, nor impart to him the contents of your answers. You are asked to answer these questions in order that the efficiency of the bank's service may be increased. The proper management of this bank demands that all questions asked by our customers be answered correctly, and that answers given be uniform throughout the bank. Sign and return your paper to the cashier's desk within ten days.

The first set of questions should be confined to the simple inquiries made during a regular day's business. The simplest questions appear quite unimportant, but even so they should be answered accurately and clearly. These questions may include the matter of exchange charges so much objected to by the depositors; as it makes a great deal of difference how the customers are being told of this exchange charge. There are at least ten very common subjects that should be incorporated in this first set, and while they may not appear so important, nevertheless on them much of the success of the bank depends.

The five remaining sets of questions might deal with classes of accounts carried and the rules governing them; checks, deposits, drafts, endorsements; attachments, protests, etc.; loans and collections; laws regulating State banks, savings banks, trust companies, and national banks. The extent of the

examinations will depend somewhat upon the bank and its environment; the principle, however, applies to all.

When the examination papers are returned to the cashier, he will correct them, entering in his record book the names of the employees and the points made by each, especially noting those returning unfavorable reports. It will thus be seen that the cashier has for the first time obtained a "birds-eye view" of the efficiency of the employees working under him; and having obtained this inventory, he is then, and then only, in a position to begin to increase the efficiency of those who are most in need thereof. In due time the examination papers, accompanied by correct answers, will be returned to the employee, and he will be asked to make comparisons and profit thereby. As a climax to the examination all of the employees will be assembled and the questions discussed in open meeting, in order that all those present may fully understand the points involved.

Unqualified employees are an imposition, both on the bank and on the depositing public, and their unpreparedness becomes a hindrance to the greatest efficiency in the complete service. Only the bank that will bring its employees up to the point where they are capable of answering all queries in a highly intelligent and accurate manner has a right to style itself either as progressive or as affording efficient service. The day is far distant when the worth of the employee is measured only by his speed and accuracy in manipulating mechanical devices or in posting accounts; for what is paramount to everything else is his capacity to successfully meet the customer, efficiently transact his business, and make him, besides being a customer, a friend and supporter or "booster" for the institution.

Bankers Should Be Consulted

REGARDING the resolution of Representative Lindbergh to curtail the influence of bankers in shaping banking and currency legislation, Messrs. Nelson, Cook & Co. of Baltimore in their circular letter say:

"In the minds of some persons—no doubt in that of the mover of this resolution, there exists the idea that the bankers of the country are not only incapable of advising regarding monetary legislation, but that they are so warped in their judgment by self-interest as not to be entitled to receive consideration in currency legislation. Of course, any reasonable man who will give sufficient thought to the subject, and who is capable of understanding conditions as they exist, must concede that it would be impossible for banks to profit by any currency legislation which would be detrimental to the best interests of the people themselves. If there is any one thing which should be admitted, it is that the best and only teacher is experience.

"The present unsatisfactory condition of our currency system is more detrimental to the interests of the public than to the banks themselves. Banks are in business for the profit to be made, and profits can only be made through such methods as will be advantageous to the customers of the banks, upon whom the bank must rely for its profits.

"To say that a banker should not be consulted about banking would be as absurd as to announce as a principle that a lawyer should not be consulted regarding the law or a doctor regarding medicine. It would be just as wise to exclude a lawyer or a doctor from the discussion of the law or of medicine as it would be to exclude a banker when the question of banking or currency shall be under discussion."

The Unit Tellers' System

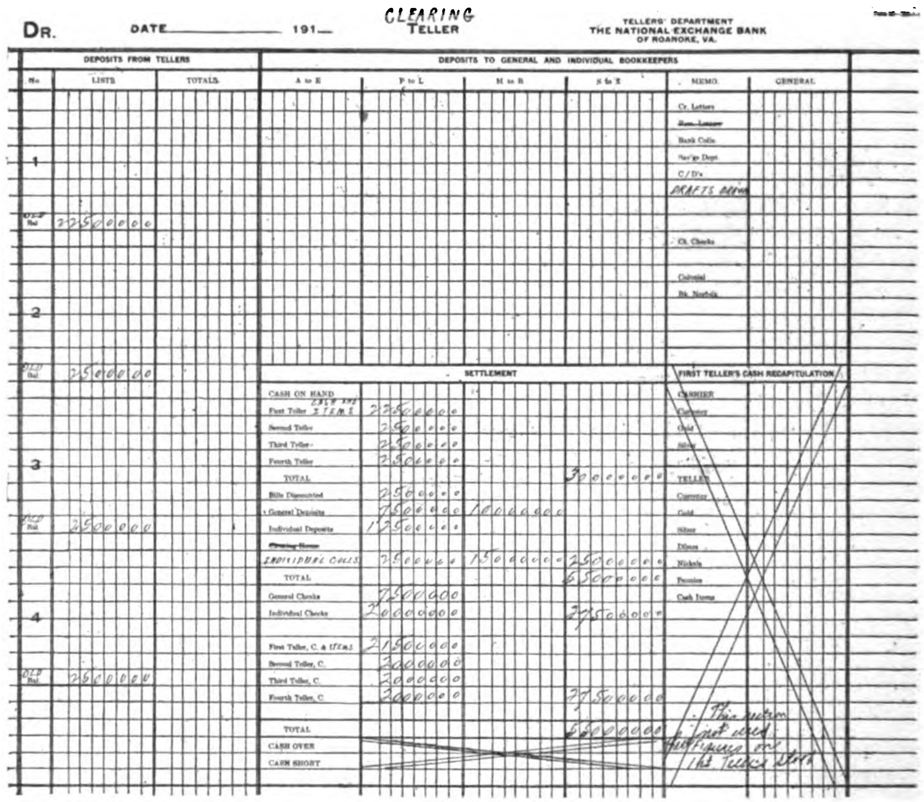
By C. W. Beerbower, Auditor National Exchange Bank, Roanoke, Va.

To save time for customers, as well as for the bank, is one of the objects of all well organized banking systems. In this bank the Unit Tellers' System has been found to have this, and many other advantages, over the old method of having separate paying and receiving tellers.

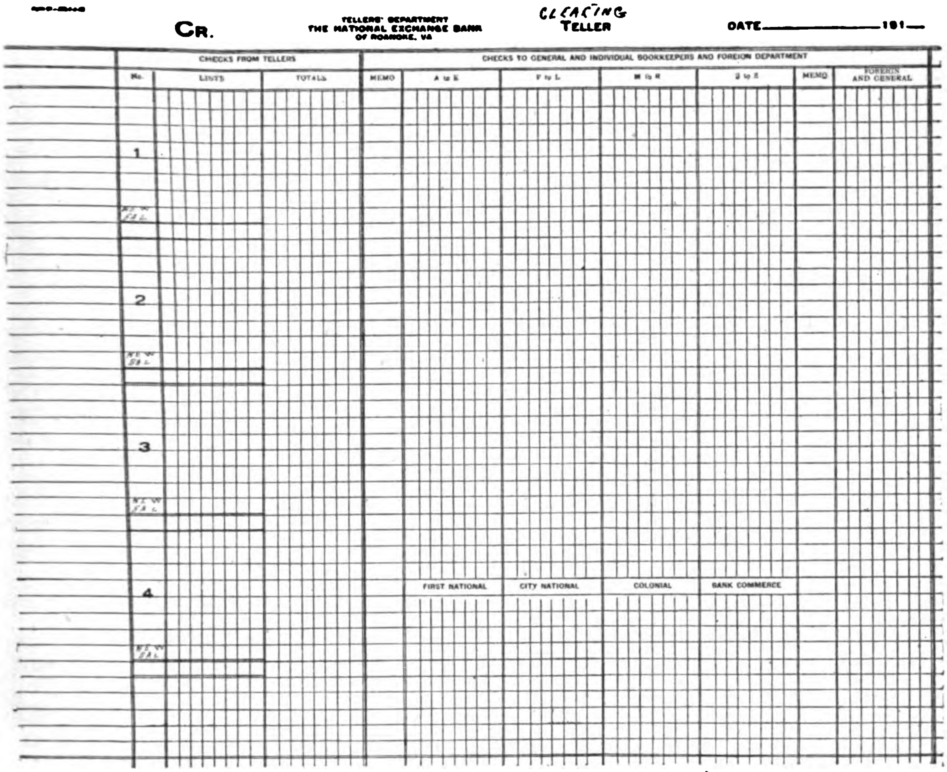
There are many arguments in favor of the Unit Tellers System—for example, a customer may have checks cashed, make deposits and receive payrolls in moderate amounts (large payrolls are made up in a special cage) at the same window, thus saving his time. As each teller only handles a portion of the alphabet it enables him to become better acquainted with the bank's customers, and again the teller will pay out much of the money received during the day, thereby eliminating rehandling this cash in the evening at balancing time.

The system described by the writer has been found practical in handling the business in this bank, with three million deposits, and can be arranged to suit the requirements of both larger and smaller institutions.

We have four tellers, all of whom pay and receive. They are designated as teller A-E, F-L, M-R, and S-Z. Each teller is supposed to handle depositors whose names correspond to the



FORM 1.—DR. CLEARING TELLER'S SHEET WITH GENERAL SETTLEMENT



FORM 1.—CR. CLEARING TELLER'S SHEET, SIZE 11¾ BY 14 INCHES

divisions mentioned, although this requirement is not arbitrary. Directly in the rear of each teller's cage is his corresponding individual bookkeeper. The tellers have no assistants and no one is allowed in their cages during the day. Thus each teller becomes individually responsible for his day's work. Alternate tellers go to lunch at the same time, for which thirty minutes is allowed. Their windows are closed during lunch period and the customers are taken care of by the remaining tellers.

To facilitate the getting together of figures at one point and to provide a check on the work, an extra teller is used with separate cage, whose duty it is to act as clearing teller for the other tellers. As will be seen from the reproduction of his sheets (Form 1 Dr. and Form 1 Cr.), he keeps an account with each of the four tellers, the four individual bookkeepers, the foreign check department, and the general bookkeeper.

Form 2 shows the sheet used by each of the regular tellers. These sheets are put up in pads and are used on ordinary board clips. Three times a day the tellers sort the deposit tickets, grouping them according to bookkeepers, recapitulating the four totals at the foot of the list, and entering the grand total in the first, or deposit column of the sheet. The list and the tickets, with a rubber band around each batch, are sent to the clearing teller, who charges the proper teller on his sheet and enters the individual totals in each bookkeeper's column, and then distributes the batches of tickets to the bookkeepers, who list them on their proof sheets (See Form 3).

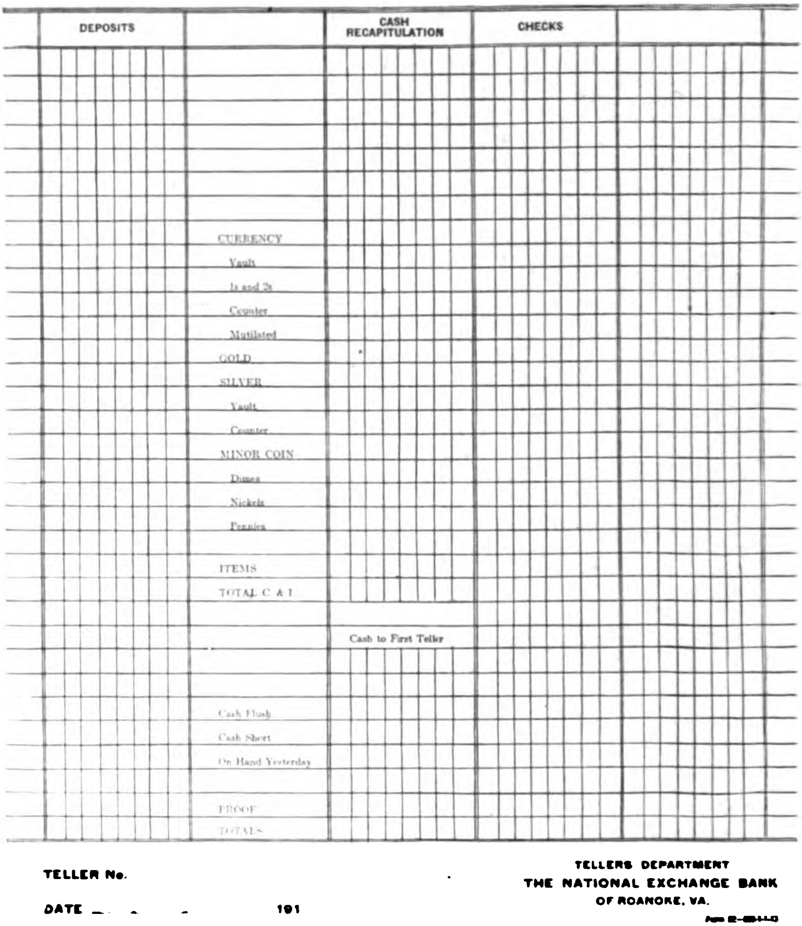
Likewise each teller sorts and makes up at three different times during the day lists of checks for the individual

bookkeepers, the foreign check department and the general bookkeeper, and sends them to the clearing teller, who credits the proper teller and enters them in the respective bookkeeper's columns on his sheet.

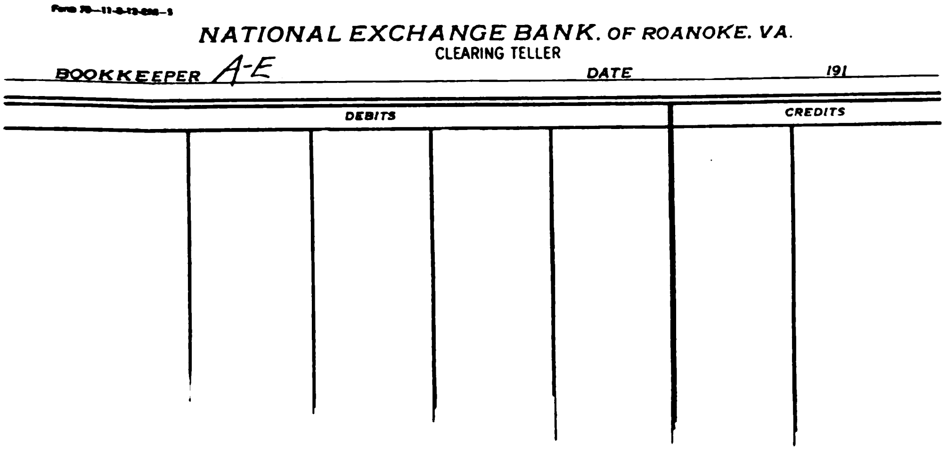
Each teller endorses checks requiring endorsement, his number being embodied in his endorsing stamp. All other checks, deposit tickets, etc., he stamps on face with his number. Thus any check or deposit ticket handled by the tellers may be easily identified.

At the close of the day each teller sorts his items which were not available for the clearing teller during the day and sends them to him for credit. The clearing teller lists the items which are to be held by him, and adds the total of the items received for this purpose from the other tellers and then strikes his balance. He then makes up the general settlement for the day from which the general bookkeeper gets the total of individual debits and credits and the total cash balance.

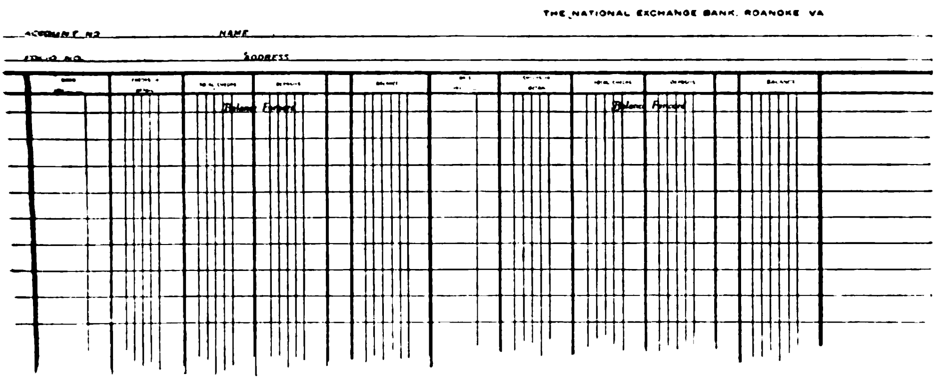
A-E Teller, known as the first teller, carries the larger part of the cash. The other tellers keep on hand only enough cash for their ordinary requirements. When their cash exceeds a certain amount they turn it in to the first teller, tickets being sent through the clearing teller for record, or if ad-


DEPOSITS
CASH RECAPITULATION
CHECKS
CURRENCY
Vault
1s and 2s
Counter
Mutilated
GOLD
SILVER
Vault
Counter
MINOR COIN
Dimes
Nickels
Pennies
ITEMS
TOTAL C & I
Cash to First Teller
Cash Flush
Cash Short
On Hand Yesterday
PROOF
TOTALS
TELLER No.
DATE 191
TELLERS DEPARTMENT
THE NATIONAL EXCHANGE BANK
OF ROANOKE, VA.

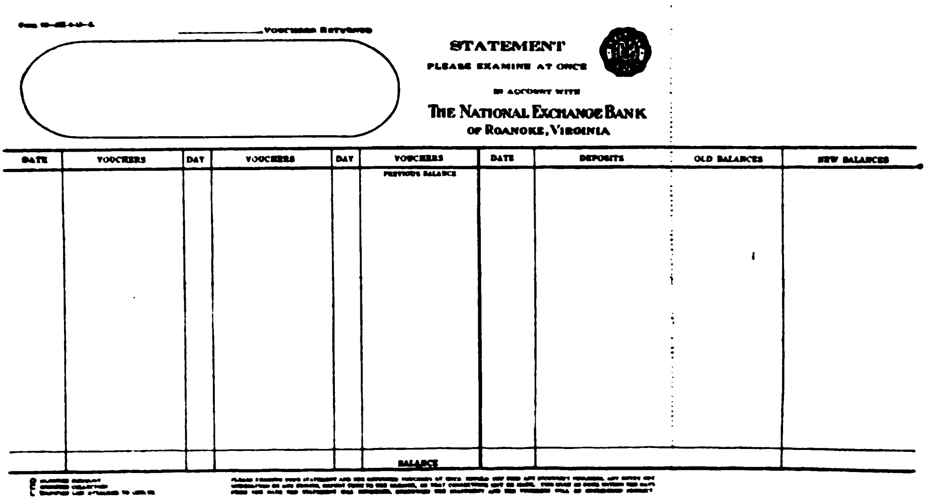
FORM 2.—SHEET USED BY THE FOUR TELLERS


NATIONAL EXCHANGE BANK. OF ROANOKE. VA.
CLEARING TELLER
BOOKKEEPER A-E DATE 191
DEBITS
CREDITS

FORM 3.—INDIVIDUAL BOOKKEEPER'S PROOF SHEET. DEPOSITS AND CHECKS ARE PROVEN ON ONE SIDE AND LEDGER BALANCES FOR THE DAY LISTED ON THE OTHER


THE NATIONAL EXCHANGE BANK, ROANOKE VA
NAME
ADDRESS
Balance Forward
Balance Forward

FORM 4.—INDIVIDUAL LEDGER SHEET, SIZE 13¾ BY 17 INCHES


VOUCHERS RETURNED
STATEMENT
PLEASE EXAMINE AT ONCE
IN ACCOUNT WITH
THE NATIONAL EXCHANGE BANK
OF ROANOKE, VIRGINIA

DATE	VOUCHERS	DAY	VOUCHERS	DAY	VOUCHERS	DATE	DEPOSITS	OLD BALANCES	NEW BALANCES
					PREVIOUS BALANCE				
					BALANCE				

FORM 5.—SIZE 12 BY 12⅜ INCHES

Form 17—6M-4-13—B

STOP PAYMENT

Copy to all other Tellers and Bookkeeper affected

National Exchange Bank
Roanoke, Virginia

Check of ....

Number .... *Dated* .... *Amount, $* ....

Payable to ....

Duplicate Issued { *Yes* / *No* } ....

Memo: ....

....

Information Received by .... *Authority* { *Letter* / *'Phone* / *Personal* } *Filed* .... *A.M.* / *P.M.*

Stop Payment Withdrawn ....

FORM 6.—STOP-PAYMENT NOTICE

ditional cash is required by any teller it is received in like manner from the first teller. At the close of the day each teller adds the total of the deposits received during the day to his previous cash balance and then adds the total of the checks received during the day to his present cash, and the two, of course, should agree.

The clearing teller does not handle any cash. Settlements from the savings department, loan department and draft department, and settlements to and from other banks, are made direct with the first teller. Checks received in these settlements by the first teller are cleared through the clearing teller, along with the first teller's regular checks.

Each bookkeeper, of course, balances individually, using duplex adding machines, and adding only the old and new balances of those accounts that change during the day and proving the difference against the difference in his debits and credits. A loose-leaf ledger is used with only one account to each sheet. (See Form 4 for individual ledger sheets.)

Instead of balancing pass-books the statement system is used. Special statement machines post the statements from day to day—in a department separate from the bookkeepers. The statements are compared with the ledgers from time to time, and thus an accurate check is kept on this work. Form 5 shows the statement which is sent out in outlook envelope.

Before attempting to balance the day's work the clearing teller compares his totals with those of each bookkeeper. All bookkeepers' proof sheets and tellers' sheets are punched to fit the same binder, and at the close of the day are turned into the auditor, who checks and files them in proper order.

Form 6 shows a stop payment form used with this system. The teller receiving the information makes four carbon copies, one for each teller and the bookkeeper affected.

I shall be glad to receive criticisms and suggestions for the improvement of these forms from those who have installed the Unit Tellers' System.

A Sign of Prosperity

LET the despondent take hope, for the "Daily Consular and Trade Reports" says that chicle imports for American chewing-gum factories have grown steadily year by year from three and four-fifths million pounds in 1902 to nine and two-thirds million pounds in 1912.

Clearing-House Inspection of Credits

By Henry M. Priest, New York Chapter American Institute of Banking.

A RECENT defalcation with the usual sequence that three or four large financial institutions have had to shoulder a loss of approximately $250,000, has again brought before the banking community of this country the necessity of establishing some system which will protect the banks from losses of this kind and at the same time afford adequate accommodation to the legitimate borrower.

Inasmuch as the banks in the central reserve cities, viz.: New York, Chicago and St. Louis, are the largest purchasers of commercial paper, and usually have to sustain the heaviest losses, and as these cities are equipped with thoroughly efficient clearing-houses, which amongst other functions exercise that of examining at stated intervals the various banking institutions holding membership, the writer begs to offer this solution of the problem.

It would appear that this solution lies entirely with the clearing-houses in these cities, and that some plan could be formulated enlarging their scope, and establishing a department for clearing credits. Such a department, placed in charge of a credit man of undoubted ability, and employing efficient help, could soon show results that would gratify the most critical banker. Possessing, amongst other advantages, that of inspecting the books of all institutions holding membership, and having the support of the bankers, it would be in a position to accurately analyze and judge each application for credit.

To illustrate we will assume that the clearing-houses in the three cities above named should coöperate, and that a Chicago firm decides to sell its notes in New York. The New York banker to whom the request is made would immediately communicate with the Chicago Clearing-House, which would immediately furnish him with the standing of the firm and the exact amount of commercial paper outstanding, also the desirability of either accepting or refusing the loan. The New York banker would then either accept or refuse; and should he accept, would notify the Chicago Clearing-House of the amount loaned, maturity, etc., which information would be entered on the records. Should the loan be paid at maturity, or renewed, the same process would be followed.

Thus each clearing-house would at all times have at its command a comprehensive and accurate index to the borrowers in the community. The instance of a New York firm desiring to borrow in New York would be identical. The bank would first communicate with the clearing-house and obtain its opinion, and then supply them with the particulars of the transaction.

The benefit to be derived from the foregoing plan must be apparent to the most discriminating banker:

First. The clearing-house in each reserve city would have at its disposal the exact condition of firms desiring to borrow.

Second. The practice of kiting credits and commercial paper between banks or cities would be eliminated.

Third. The banks holding membership in the various clearing-houses would enjoy a degree of security never before experienced when making loans on commercial paper.

Fourth. It would make the granting of credit as nearly an exact science as possible, both on account of the advantages at the disposal of the clearing-house, and on account of the high officials in institutions on whom it would be possible to call, to analyze any transaction that might seem in the least doubtful.

Fifth. It would reduce appreciably the cost to banks now maintaining extensive credit departments.

In closing, the writer desires to point out that the position of the bank and its depositor would remain unchanged, and that the status of the worthy applicant for credit would not be in any way affected.

In submitting this plan the writer has merely outlined roughly his own ideas as he realizes that they are subject to modification; but he desires to impress on all bankers the practicability and efficacy of the plan in the hope that they may take it under serious consideration, and thereby avoid recurrence of incidents rather too frequent of late for the bankers comfort.

BANKING AND COMMERCIAL LAW

Conducted by John J. Crawford, Esq., Author Uniform Negotiable Instruments Act

Recent Decisions of Interest to Bankers

Set Off

BANKRUPTCY OF DEPOSITOR—SETTING OFF DEPOSIT.

United States Circuit Court of Appeals, Sixth Circuit, January 7, 1913.

WALSH VS. FIRST NATIONAL BANK OF MAYSVILLE, KY.

In the absence of fraud or collusion, a bank has the right to apply the balance standing to the credit of a bankrupt on the date of the bankruptcy to the payment of the notes of the bankrupt held by the bank.

Before Warrington and Knappen, Circuit Judges, and McCall, District Judge.

THIS was a suit in equity by H. L. Walsh, trustee in bankruptcy of the Tiger Shoe Company against the First National Bank of Maysville to recover $2,089.35 upon the ground that the bankrupt had given the bank an unlawful preference in transferring to it certain property.

McCall, *District Judge* (Omitting part of the opinion)—The undisputed facts are that the Tiger Shoe Manufacturing Company, the bankrupt, was indebted to the First National Bank of Maysville, Ky., in the sum of $2,000, with interest, evidenced by two promissory notes, in equal amounts, of date January 4, 1901, and June 9, 1901. The notes had matured. On or about September 24, 1901, the wife of the secretary and treasurer of the bankrupt loaned the bankrupt $3,000 upon a mortgage given by it for $5,000. The amount so loaned was deposited to the bankrupt's credit with the defendant bank, and the amount paid to the bank in satisfaction of the two notes for $1,000 each, with interest, was paid by a check drawn by the secretary and treasurer of the bankrupt on the amount so deposited.

The only question presented is as to whether or not the payment of the two notes is a voidable preference.

[1] In the absence of collusion, fraud or insolvency of the debtor, the bank had a right to apply so much of the deposit as was necessary to the payment of its debt. It did not need a check to enable it to get the money. New York County Nat. Bank vs. Massey, 192 U. S. 138; Germania Savings Bank & Trust Co. vs. Loeb (C. C. A., Sixth Circuit) 188 Fed. 285.

[2] However, as was said by the court below:

"The real claim of the appellant is that Hopper [secretary and treasurer of the bankrupt] and his wife were acting in collusion with the defendant bank, in order to enable it to get its money and not be subject to a suit to recover it back as a voidable preference."

Judge Cochran found that there was

not sufficient evidence to prove the charge that at the time of making the payment to the bank the Tiger Shoe Company was insolvent, nor that the bankrupt and the defendant were acting in collusion, and accordingly dismissed the petition.

After an attentive examination of the record, we find no reason to differ from the conclusion reached by the court below.

Directors

LIABILITY OF—FALSE STATEMENTS—PUBLISHING REPORTS—NATIONAL BANK ACT.

Supreme Court of Nebraska, Jan. 31, 1913.

JONES NATIONAL BANK VS. YATES ET AL.

The national bank act, as provided in section 5239 of the Revised Statutes of the United States (U. S. Comp. St. 1901, p. 3515), affords the exclusive rule by which to measure the right to recover damages from directors, based upon a loss resulting solely from their violation of a duty expressly imposed upon them by a provision of the act, and that liability cannot be measured by a higher standard than that which is imposed by the act.

Where, by the Federal statute concerning national banks, a responsibility is made to arise against the directors from its violation knowingly, proof of something more than negligence is required, and it must be shown that the violation was intentional.

Where the directors of a failed national bank claim immunity under section 5239 of the Revised Statutes of the United States (U. S. Comp. St. 1901, p. 3515) as to the rule of liability to be applied to them, the State courts may not create another rule than that provided by the national bank act, nor are they at liberty to disregard the rule provided by the act.

If there is a penalty or liability enforced because of the violation or disregard of the United States statute, then the penalty is that provided by such statute, and the interpretation of the statute, made by the United States Supreme Court, must be adopted by the State courts.

The civil liability of national bank directors in respect to the making and publishing of the official reports of the condition of the bank is based upon the duty enjoined by the national bank act, and the rule expressed by the statute is the exclusive rule, because of the elementary principle that, where a statute creates a duty and prescribes a penalty for its non-performance, "the rule prescribed in the statute is the exclusive test of liability."

To render a director of a national bank personally liable to a depositor for fraud and deceit practiced by its officers, as at common law, it must be alleged and proven that the director had knowledge of, or approved of, or participated in, the fraudulent acts of which complaint is made.

HAMER, *J.*—The cases designated by the foregoing titles and numbers are before this court a second time. By our former decisions, we affirmed the judgments of the district court of Seward county in which the plaintiffs were successful. The cases were taken on error to the supreme court of the United States, where our judgments were reversed (Yates vs. Jones Nat. Bank, 206 U. S. 158, Yates vs. Utica Bank, Yates vs. Bailey and Yates vs. Bank of Staplehurst, 206, U. S. 181) where it was held that plaintiffs' petitions were insufficient to charge the defendants with a common-law liability for fraud and deceit. When the mandates were received by this court, the causes were remanded to the district court of Seward county for further proceedings. Thereafter plaintiffs amended their petitions by interlineations, and thereby sought to change their causes of action so as to avoid the federal question. Upon a second trial, the plaintiffs again had the judgments, and from these judgments the defendants have appealed.

Defendants contend, among other things, that the amendments above mentioned were wholly insufficient to change the plaintiffs' causes of action; that they still charge a violation of the national bank act, and that question will be first considered.

An examination of the record discloses that the interlineations, by which it was sought to amend the petitions, consisted of some slight amplifications of the statements contained in the original petitions, as theretofore amended. The amendments contain no material additional statement of facts, and the petitions still charge the defendants with making false statements to the Comptroller of the Currency as to the condition of the Capital National

Bank, and this is the main foundation or basis for recovery. By the amendments, plaintiffs attempt to charge that the defendants knowingly and fraudulently, and with the intent to deceive the plaintiffs, made such statements, and that they thereby induced the plaintiffs to become depositors in the Capital National Bank. To the petitions thus amended, each of the defendants demurred. The demurrers were overruled, and the defendants excepted. It is probable that the demurrers should have been sustained; but defendants answered over and admitted that the Capital National Bank was organized under the National Banking Act, but denied that they signed the statements or reports made to the Comptroller as stated in the petition; alleged that they had no knowledge of the falsity or untruth of any of them, or of the true condition of the Capital National Bank at the times mentioned in the amended petition; denied that they caused the reports to be published in the newspapers; denied that they caused them to be sent to the public or to the plaintiffs; denied that they had any knowledge that they were so sent by any of the officers or agents of the bank; they also pleaded a former adjudication and averred that the only acts performed by them were done in compliance with the provisions of the National Banking Act, and that their liability, if any, was measured by the terms of that act, and not otherwise.

Plaintiffs' replies were a general denial of the facts stated in the defendants' answers. Trials were had to the court without the intervention of a jury. There was a general finding for the plaintiffs, together with certain special findings as to each of the defendants, some of which are inconsistent with the general finding; and, upon such findings, the judgments appealed from were rendered. Defendants have renewed their objections to the sufficiency of the plaintiffs' amended petitions, and also contend that the testimony is insufficient to sustain the general finding upon which the judgments in question are predicated.

It is impracticable, considering the length of the petitions and the manner in which they were amended by interlineations, to set them forth in this opinion, and it is sufficient to say that we are of opinion that the amendments in no way changed the nature of the plaintiffs' causes of action; and, unless the Supreme Court of the United States shall recede from its decision of these cases, the petitions will be held insufficient by that court to state a common-law liability for fraud and deceit as against the defendants, who were simply directors of the Capital National Bank.

Coming now to the consideration of the additional evidence introduced upon the second trial of these cases, we are of opinion that it is insufficient to charge the defendants with a personal liability for fraud and deceit. The testimony is clear, and practically without dispute, that, when defendants Yates and Hamer signed the reports of December 9, 1892, and December 28, 1886, which are the ones upon which this action is, in fact, predicated, neither of them had any personal knowledge of their falsity, but signed them in good faith, believing that they exhibited the true condition of the Capital National Bank. It is not shown that either Yates or Hamer ever had any communication or conversation with the plaintiffs, or any of them, in regard to the condition of the Capital National Bank. It is not shown that they, or either of them, had any knowledge that any published statements or cards containing any information as to the condition of the bank was ever sent to the plaintiffs, or any of them, by any officer or agent of the bank. It follows, therefore, that the evidence is insufficient to charge them, or either of them, with ever having knowingly made any false statement in regard to the condition of the bank, or participated in sending any advertising matter, published statements, or any of the things mentioned in the plaintiffs' petition to them, or any of them; and, having taken no part in said transactions, it cannot be said that they knowingly participated in any of

them. There being nothing in the record sufficient to bring defendants Yates and Hamer within the rule of liability announced by the Supreme Court of the United States in these cases and others, we are of opinion that the judgment, as to them, must be reversed.

As to the defendant David E. Thompson, it appears from the record, that he did not sign either of the statements in question. Some evidence was introduced which tends to show that, before the last report was signed, Thompson had notice of a letter from the Comptroller of the Currency questioning the correctness of the former reports made to him by the directors, and requiring the bank officers to charge off certain worthless notes or obligations held by that institution; that thereafter Thompson refused to sign any statements to the Comptroller of the Currency, and took no part in the management of the bank; that he disposed of some of his stock; that he was not informed in any way of the fact that published statements of the condition of the bank were sent by any agent or officer of the bank to the plaintiffs, if any such were sent, while it may be said that, for a considerable length of time before the bank was closed by the comptroller, he had some knowledge that its financial condition was questioned, still, so far as the record shows, defendant Thompson did not personally participate in any of the acts of which the plaintiffs complain, and they do not claim that he ever had any conversation with, or made any statement whatever to the plaintiffs, or any of them.

[1] As we view the opinion of the Supreme Court of the United States in Yates vs. Jones National Bank, supra, there was required in this case, of the directors of the bank, only that standard of conduct expressly imposed by section 5239 of the Revised Statutes of the United States (U. S. Comp. St. 1901, p. 3515), and no higher duty may be rightfuly established and demanded. A bank director is guaranteed immunity from liability under the very law that permits him to become a director.

[2] As an inducement to him to act in that capacity, the law assures him that he is not to be liable except for that which he knowingly does. A knowledge must be brought home to the director that he is deceiving the individual wronged, and may thereby occasion a loss to him. The director is not liable for his own mistakes or blunders, or for the mistakes or blunders of his brother directors; neither is he liable for the frauds and wrongs of the officers of the bank, unless he has personal knowledge thereof, or participates in such fraudulent acts. If it were not so, there would be great difficulty in securing men to assume the position of national bank directors.

The rule for which plaintiffs contend, if carried to its ultimate conclusion, would make the director of the national bank, who has himself been imposed upon and deceived by its officers, and who has thereby suffered loss, liable to the depositors for the fraudulent acts of such officers. Such has not been the views expressed by the Supreme Court of the United States in any cases. The opinion of Justice White in Yates vs. Jones National Bank, supra, is based on a single proposition; that is, "Where a statute creates a duty and prescribes a penalty for nonperformance, the rule prescribed in the statute is the exclusive test of liability."

In the argument on behalf of the appellees, it is said: "We sought to avoid the application of this rule for the reason that, while the national bank act expressly commanded the publication of the official report, it did not require the publication of a true report, and therefore the publication of a false report did not violate any express mandate of the statute." Cochran vs. United States, 157 U. S. 286. The argument was that the making of a false report was not a violation of the United States bank act, and that the remedy provided by section 5239, for violations of the statute, did not reach the case, and therefore the contention was that there was no statutory remedy

for making a false report, and that the plaintiffs in the court below could resort to their remedy at common law. This is a sort of legal refinement, and the only objection to it is that it does not seem to be along ordinary logical lines. The trouble with this contention is that it would eliminate the federal courts from a construction of the United States statutes and their enforcement. This would make a failure of bank directors to closely observe the terms of the national banking act, though, acting under it, an excuse for releasing them from all penalties to be inflicted under the act, and by its provisions and the substitution of a different liability from that imposed by the statute.

In Briggs vs. Spaulding, 141 U. S. 132, the bill was framed upon the theory of a breach by the defendants, as directors, of their common-law duty as trustees of a financial corporation, and of breaches of special restrictions and obligations of the national banking act. There plaintiffs commenced their action under the United States banking act, and claimed a liability for a violation of the same. It was there said that plaintiffs cannot, in an action to recover because of a violation of the banking act, be allowed to recover upon some other theory. The plaintiff may not jumble his causes of action together and then say to the defendant, "If you are not liable upon that which I have charged you with, then here is another construction that can be placed upon what I have said, and you are liable under that."

It may be said with much plausibility and reason that it should be the duty of the directors to look into the condition of the bank of which they are directors; but that matter seems to have been determined by the Supreme Court of the United States in the case of Briggs vs. Spaulding, supra, where it was said: "Persons who are elected into a board of directors of a national bank, about which there is no reason to suppose anything wrong, but which becomes bankrupt in 90 days after their election, are not to be held personally responsible to the bank because they did not compel an investigation, or personally conduct an examination."

[3] That decision holds that, if the bank directors fail to look into the condition of the bank, they are not guilty of an ordinary want of care, so far as the statute is concerned; section 5239 states in terms the non-liability of bank directors who fail to investigate the conditions of the bank. It may be that, when one deposits money in a bank or takes stock in a bank, thus putting his property in immediate control of other persons, he has a right to expect that the directors, who are supposed to manage the bank, will exercise at least ordinary care and prudence in the management of the bank's affairs; but the degree of care required rests of course with Congress, which has control of the legislation.

[4-6] In Briggs vs. Spalding, 141 U. S. 132, Chief Justice Fuller, in delivering the opinion of the court, among other things, said: (1) "Our attention has not been called, however, to any duty specifically imposed upon the directors as individuals by the terms of the act. (2) If any director participated in, or assented to, any violation of the law by the board, he would be individually liable. * * * (3) It does not follow that the executive officers should have been left to control the business of the bank absolutely and without supervision, or that the statute furnishes a justification for the pursuit of that course. Its language does enable individual directors to say that they were guilty of no violation of a duty directly devolved upon them." (4) He cites 1 Morawetz, Private Corporations (2d Ed.) § 556, to the effect that: "The liability of directors for damages, caused by acts expressly prohibited by the company's charter or act of incorporation, is not created by force of the statutory prohibition. (5) The performance of acts which are illegal or prohibited by law may subject the corporation to a forfeiture of its franchises, and the directors to criminal liability; but this would not render them civilly liable for

damages. (6) The liability of directors to the corporation, for damages caused by unauthorized acts, rests upon the common-law rule which renders every agent liable who violates his authority to the damage of his principal. * * * (7) The degree of care required (from a bank director) depends upon the subject to which it is to be applied, and each case has to be determined in view of all the circumstances. (8) They (bank directors) are not insurers of the fidelity of the agents whom they have appointed, who are not their agents, but the agents of the corporation; and they cannot be held responsible for losses resulting from the wrongful acts or omissions of other directors or agents, unless the loss is a consequence of their own neglect of duty, either for failure to supervise the business with attention, or in neglecting to use proper care in the appointment of agents. 1 Morawetz, Private Corporations (2d Ed.) § 551 et seq., and cases * * * (9) The relation between the corporation and them (bank directors) is rather that of principal and agent, certainly so far as creditors are concerned, between whom and the corporation the relation is that of contract and not of trust. * * * (10) There are many things which, in their management, require the utmost diligence, and most scrupulous attention, and where the agent, who undertakes their direction, renders himself responsible for the slightest neglect. There are others where the duties imposed are presumed to call for nothing more than ordinary care and attention, and where the exercise of that degree of care suffices. The directors of banks, from the nature of their undertaking, fall within the class last mentioned, while in the discharge of their ordinary duties."

The plaintiffs having failed to allege and prove that the defendants personally knew of, or personally participated in, the acts of the officers of the bank of which they now complain, it seems clear that, if we follow the decision of the Supreme Court of the United States in these cases, they are not entitled to recover, and the judgments of the district court should be reversed as to all of the defendants. It also is apparent that plaintiffs cannot produce any other or additional evidence which will render the defendants liable in these cases, and therefore the judgments are reversed, and the actions are dismissed. Judgment accordingly.

National Bank

LOANS ON STOCK—WHO MAY QUESTION.

United States Circuit Court of Appeals, Fifth Circuit, January 7, 1913.

FIRST NAT. BANK OF LAKE CHARLES VS. LANZ.

The acceptance by a national bank of a pledge of its own stock to secure a loan, although in violation of the National Bank Act, is valid, except as against the United States, after the stock has been sold under the pledge.

APPEAL from the District Court of the United States for the Western District of Louisiana. Before Pardee and Shelby, Circuit Judges, and Grubb, District Judge.

This was a proceeding in bankruptcy. The bankrupt had pledged with the bank a certificate for ten shares of its own capital stock to secure his indebtedness to the bank, and afterwards authorized the bank to sell the stock and apply the proceeds on his note, which was done. The Referee decided that the pledge of the bank stock was invalid, because of the lack of authority in the bank to receive a pledge of its own stock, and directed the bank to pay the proceeds of the sale to the trustee, and this decision was affirmed by the District Court. The bank then appealed to the Circuit Court of Appeals.

GRUBB, *District Judge* (omitting part of the opinion): Section 5201, Revised Statutes (U. S. Comp. St 1901, p. 3494), does not prohibit a national bank from accepting a pledge of its own capital stock, when to do so is necessary to secure the payment of an unsecured pre-existing debt, and so prevent loss to the bank. The record clearly shows that the taking of this stock in pledge was for the pur-

pose of and did in fact, prevent loss to the bank in this way. It is also well settled that the United States alone can complain of a violation of this section by a national bank, at least after the contract of pledge has been executed by foreclosure. National Bank of Xenia vs. Stewart, 107 U. S. 676. For these reasons we think the appellant was entitled to the proceeds of the sale of the pledged stock, and the order directing it to be paid to the trustee was erroneous.

Checks

PARTNERSHIP CHECKS—FORM OF SIGNATURE—WRONGFUL REFUSAL TO PAY—DAMAGES.

District Court of Appeal, First District, California, December 12, 1912.

REEVES ET AL VS. FIRST NAT. BANK OF OAKLAND.

Upon opening an account, a partnership delivered to the bank a signature card containing the directions, "Both sigs. required. R. E. Reeves Co., R. E. Reeves, J. A. Wadsworth;" but checks were frequently drawn and paid which bore only the two signatures, "R. E. Reeves," "J. A. Wadsworth." *Held,* that the bank could not justify its refusal to pay a subsequent check because it was signed in such form.

Where a bank has customarily paid checks signed in a particular way, it cannot change this custom without express notice to the depositor, and refuse to pay checks so signed.

The wrongful dishonor of a check drawn by a party established in business raises the presumption that the drawer has sustained substantial damage, even though the dishonor was not the result of ill will or malice.

THIS was an appeal by the defendant from a judgment in favor of of plaintiffs for $800 damages, and also from an order denying defendant's motion for a new trial. The action was brought to recover damages claimed to have been sustained by the plaintiffs because of the defendant's failure to pay on presentation two certain checks, aggregating approximately $100, there being on deposit to the credit of plaintiffs sufficient funds to meet them

Defendant contended that there was no evidence to support the findings of the court (1) that the checks were in form entitling them to be accepted and paid; and (2) if they were in form, that the plaintiffs had suffered any substantial damage by reason of the dishonor of the checks.

KERRIGAN, *J.* (omitting part of the opinion): Upon opening the account, the plaintiffs, according to a well-established custom, made and delivered to the bank what is termed a signature card, which set forth the manner and form in which checks upon the account should be signed. It was as follows: "The First National Bank, Oakland, Cal. Below please find duly authorized signatures which you will recognize in the payment of funds or the transaction of other business on our account. Both sigs. required. R. E. Reeves Co. R. E. Reeves. J. A. Wadsworth." The checks in question were signed "R. E. Reeves" and "J. A. Wadsworth," and defendant asserts that this was not in the manner and form required by the bank in accordance with its agreement with plaintiffs, and that, therefore, the bank was warranted in refusing to pay them.

We do not agree with this contention. First of all, it is not clear what is meant by "both signatures required." It may have been intended that checks should bear the copartnership name, or perhaps the signatures of each of the two individuals composing the copartnership, or of the copartnership and the individuals. In any event, we do not see what harm could have come to the bank by paying these checks, bearing as they did the signatures known to the bank, of the persons comprising the copartnership. Moreover, every check drawn on the bank by this concern from the time the account was opened until the presentation of these checks was signed as they were, and the bank promptly paid them, as indeed it paid these when its attention was called to the circumstance of their dishonor. This shows how the parties had interpreted the contract, and this course of conduct may be regarded as having established a general usage between the bank and the plaintiffs,

which the bank could not suddenly and without express notice to the plaintiffs change. Hotchkiss vs. Artisans' Bank, 42 Barb. (N. Y.) 517.

Second. As to the next question raised by the defendant, we do not agree with it that the evidence does not show that the plaintiffs were entitled to substantial damages. It is true that no special damages were sought and that there was no claim that the refusal to pay the checks was the result of ill will or malice, but it does appear that the plaintiffs were established in business, and, where this is so, the great weight of authority is to the effect that the wrongful dishonor of a check raises the presumption that the drawer has sustained substantial damage, the amount of which it is the duty of the court or the jury to fix. Many of the adjudicated cases liken this sort of suit to an action for slander of a person in business, regarding it as a slander by acts, and hold that since the improper refusal to pay the check of a depositor will invariably injure him in his business, and that, as a rule it will be impossible to prove the amount of the damage, the law must of necessity—fitting itself to conditions—presume that he is entitled to reasonable compensation for the injury. The text-writers and the decisions of nearly all the states where this question has arisen sustain this view.

The author of Morse on Banks and Banking (volume 2, § 457), after referring to two cases in New York, which hold that where, upon a wrongful refusal of a bank to pay the check of a customer, no tangible or measurable injury is shown, only nominal damages may be recovered, says:

"But the better authority seems to be that, even if such actual loss or injury is not shown, yet more than nominal damages shall be given. It can hardly be possible that a customer's check shall be wrongfully refused payment without some impeachment of his credit, which must in fact be an actual injury, though he cannot from the nature of the case furnish independent distinct proof thereof. It is as in cases of libel and slander, which description of suit it indeed closely resembles, inasmuch as it is a practical slur upon the plaintiff's credit and repute in the business world. Special damage may be shown, if the plaintiff be able; but, if he be not able, the jury may nevertheless give such temporary damages as they conceive to be a reasonable compensation for that indefinite mischief which such an act must be assumed to have inflicted, according to the ordinary course of human events."

In the case of Schaffner vs. Ehrman, 139 Ill. 109, in answer to the question what is the measure of a banker's liability to a person engaged in trade for a refusal to pay his check. he having sufficient funds on deposit for that purpose, in the absence of evidence of malice or special injury to the depositor, the court said: "Authorities seem to be uniformly to the effect that more than mere nominal damages are in such cases recoverable. In Rosewater vs. Hoffman, 24 Neb. 222, 230 [38 N. W. 857, 861], is found the following expression: 'It is a well-settled rule * * * that punitive, vindictive, or exemplary damages cannot be allowed. The only damages recoverable are denominated compensatory, which are a satisfaction for the injury sustained' "—citing many cases, in all of which it is held that the plaintiff's recovery is not limited to nominal damages, but he is entitled to recover general compensatory damages.

In the case of J. M. James Co. vs. Continental Nat. Bank, 105 Tenn. 1, 58, the court, after holding that the action is one ex delicto, growing out of a breach of duty or an implied contract of the bank to honor plaintiff's checks as long as he had money to his credit said: "It alleged that plaintiff was a trader, and as such engaged in the mercantile or commission business in the city of Memphis, but, as may be seen, averred no special damage as the result of the defendant's wrongful conduct. The ground of demurrer referred to is that its failure to allege special damages was fatal. The authorities are uniform

that the averment that plaintiff is a trader is sufficient, and he is entitled in such case to recover substantial damages, though special damage is not alleged. * * * Having averred and proved that it was a trader, and that its checks were dishonored wrongfully by the bank, the law conclusively presumed that the plaintiff had sustained damages, which it was the duty of the jury, under proper instructions, to fix. * * * The rejection by a bank of a check drawn upon it by a customer brings discredit to the drawer, not only with the person presenting it, but necessarily with all persons who are informed of the fact. And, if this customer is a merchant or trader, its natural effect is an injury to his business standing, as far as a knowledge of the fact extends, for which he is entitled to substantial, though temperate, damages, measured by all the facts in the case."

This action was one for tort, and hence does not fall within section 2468 of the Civil Code, requiring persons doing business under a fictitious name to file a certificate with the county clerk, showing the names of the persons interested as partners in such business. Ralph vs. Lockwood, 61 Cal. 155; Melcher vs. Beeler, 48 Colo. 233. Besides, this suit did not grow out of any contract made or transaction had in plaintiffs' partnership name. Section 2468, Civ. Code.

The judgment and order are affirmed.

Promissory Note

WHEN PAYABLE ON DEMAND—STIPULATION AS TO SALE OF COLLATERAL.

Supreme Court of Michigan, March 20, 1913.

BRINDEN VS. MUSKEGON SAVINGS BANK.

A stipulation in a collateral note giving the bank power to sell the collateral before the maturity of the note, in the event of the securities depreciating in value, does not qualify the effect of the promise to pay "on demand."

IN this case the complainant asserted that he was the owner of ten shares of the capital stock of the bank, while the latter contended that it had a lien upon the stock which was superior to and took precedence over the right of the complainant. The decision of the controversy depended upon whether a collateral note given to the bank by one Frank G. Jones, the original owner of the stock, was payable on demand. By its terms the note was payable "on demand after date," but it contained a further stipulation as follows: "And I hereby give to said bank or its assigns full authority and power to sell, transfer and convey the said collateral security, or any part thereof, on the maturity of this note or any time thereafter, or before the maturity of this note, in the event of said securities depreciating in value, at public or private sale, at its discretion."

The complainant contended that in view of this stipulation the note was not payable on demand.

MOORE, *J.* (Omitting part of opinion): We do not place the same construction upon the instrument as do counsel. The note was written upon a blank in common use by the bank when it took collateral security for its debt, and was worded to meet the actual situation growing out of debts evidenced by demand paper or time paper, as the debt happened to be. There is nothing that indicates an intention to change the rule governing the time when demand paper becomes due. The collateral was given, not only to secure the debt evidenced by the note, but "any other indebtedness by me to said bank."

Check

POSTDATED—NEGOTIABLE INSTRUMENTS LAW.

Supreme Court of Oregon, March 18, 1913.

TRIPHONOFF VS. SWEENEY ET AL.

The fact that a check is postdated does not make it non-negotiable.

The negotiation of a postdated check before the day of its date does not put the indorsee upon notice.

This was the rule of the law merchant and is the rule under the Negotiable Instruments Law.

THIS was an action upon a check for $2,294.79 drawn by the J. W. Sweeney Construction Co. and S. M. Blumaner to the order of Dan Malcheff. It was drawn on or about the 25th of March, 1911, and dated the 15th of April, 1911. Before the day of its date it was transferred to the plaintiff for value in due course of business. When presented to the bank on the 17th of April, payment was refused because the drawer had stopped payment. The defense was that the check had been obtained by the payee through fraud.

BEAN, *J.* [1] Counsel for defendants contends that the fact that the check was postdated was sufficient to put the plaintiff upon inquiry as to any infirmity in the instrument, or defect in the title, and that the court erred in refusing to instruct the jury as requested by defendants' counsel, as follows: "That a postdated check is not a negotiable instrument if taken before the date on which demand can be made for payment, but is simply an assignment of the rights of the payee and opens the check to all the equity." Section 5834, L. O. L., being a part of the negotiable instruments law of this state, provides that a negotiable instrument must conform to the following requirements: (1) It must be in writing and signed by the maker or drawer; (2) must contain an unconditional promise or order to pay a sum certain in money; (3) must be payable on demand, or at a fixed or determinable future time; (4) must be payable to order or to bearer; and (5), where the instrument is addressed to a drawee, he must be named or otherwise indicated therein within reasonable certainty. However we may designate the instrument in suit, we think there can be no question but that it complies with all the necessary requirements of the law as to a negotiable instrument. It is full and complete upon its face. It is worthy of note that section 5834, L. O. L., does not require a negotiable instrument to be dated. Section 6018, L. O. L., defines a check as follows: "A check is a bill of exchange drawn on a bank payable on demand. Except as herein otherwise provided, the provisions of this act applicable to a bill of exchange payable on demand apply to a check." Section 5845, L. O. L., purports that the instrument is not invalid for the reason only that it is antedated or postdated, provided this is not done for an illegal or fraudulent purpose. The person to whom an instrument so dated is delivered acquires the title thereto as of the date of delivery. It is the position of counsel for defendants that this section renders an antedated or postdated instrument merely legal, and does not make it negotiable. We fail to see any reason why it was necessary for this enactment in order that the issuance of such an instrument should not be in violation of any statute or law. The purpose of the negotiable instruments law is to direct the proper method of dealing with such an instrument. This section has a broader signification, and renders a postdated or antedated check full, complete, and valid.

Independent of any statutory regulation, it makes no difference whether a check be postdated or antedated, it is still payable according to its express terms. The drawing of a postdated check is an everyday occurrence in the commercial world, and the uniform understanding of the parties is that, when a check is postdated, it is payable on the day it purports to be drawn, even though it be negotiated beforehand. 2 Daniel on Negotiable Instruments (5th Ed.) § 1578; Frazier vs. Trow's P. & B. Co., 24 Hun (N. Y.) 281; Champion vs. Gordon, 70 Pa. 474. It is said in 5 Amer. & Eng. Enc. of Law (2d Ed.) p. 1032, that: "A postdated check, or one which bears a date subsequent to that of its actual issue, is payable on or at any time after the day of its date, being in effect the same as if it had not been issued until that date." The rule is laid down in Selover on Negotiable Instruments Law, § 18, that an antedated or postdated instrument may, of course, be negotiated after or before the date given, and any one to whom such instrument is

given acquires title thereto as of the date of delivery. The contention of the defendants is that the instrument was not a check, for the reason that it was not payable on demand, and that the same was not negotiable. We incline to the belief that the instrument was a check, payable on demand on or after April 15, 1911. This conclusion is in harmony with cases wherein it is held that a postdated instrument of this nature is a check, and not a bill of exchange, which would authorize the holder to present the same for acceptance prior to the time when it would be payable. Way vs. Towle, 155 Mass. 374.

[2] The real question in the case at bar is: Was the instrument subject to any available defense as between maker and payee, after it was negotiated to plaintiff? In the consideration of these cases it should be borne in mind that the negotiable instruments law was adopted by several of the states for the purpose of uniformity, and we think that this should be one of the aims of courts. Section 5861, L. O. L., directs that absence or failure of consideration is matter of defense as against any person not a holder in due course. Section 5885 prescribes that a holder in due course is a holder who has taken the instrument under the following conditions: (1) That it is complete and regular upon its face; (2) that he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such were the fact; (3) that he took it in good faith and for value; (4) that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it.

Section 5889 provides that, to constitute notice of an infirmity in the instrument or defect in the title of the person negotiating the same, the person to whom it is negotiated must have had actual knowledge of the infirmity or defect, or knowledge of such facts that his action in taking the instrument amounted to bad faith. According to section 5890, a holder in due course holds the instrument free from any defect of title of prior parties and free from defenses available to prior parties among themselves, and may enforce payment of the instrument for the full amount thereof against all parties liable thereon.

In the case of Matlock vs. Scheuerman, 51 Or. 49, the fact that at the time a check was transferred the payee stated that the drawer had asked him to wait two or three days for presentation of the check did not charge the indorsee with notice of any infirmity in the contract. The payment of the check was stopped before presentation at the bank for payment. No inquiry having been made as to the validity of the check, it was held that it was for the jury to determine whether or not the check was taken in good faith, the purchaser not being bound, as a matter of law, with facts calculated to arouse suspicion, nor charged with the duty of making active inquiry.

The case of Albert vs. Hoffman, 64 Misc. Rep. 87, decided since the enactment of the negotiable instruments law in that State, which is similar to ours, is very much like the case at bar. There the plaintiff declared on a postdated check made by the defendant Hoffman to the order of H. Feinberg & Son. The latter indorsed the same to plaintiff for value, but the payment was stopped by the maker before presentation. The defendant separately defended on the grounds that the check was postdated, that no consideration passed therefor between the maker and the payee, and that the plaintiff came into possession thereof without having given any valuable consideration therefor, and with full knowledge on her part of the facts and circumstances attending the making and delivery of the check. On page 88 of 64 Misc. Rep., Justice MacLean said: "Under section 31 of the negotiable instruments law [Laws 1897, c. 612] * * * then in force, 'the instrument,' a negotiable instrument, as was the check

in question, as defined by section 2 of the same law, 'is not invalid for the reason only that it is antedated or postdated, provided this is not done for an illegal or fraudulent purpose,' and the plaintiff, as indorsee, was not put upon inquiry merely because of the negotiation of the check prior to the day of its date."

New York is a State of the largest commercial interests, and we deem it safe to follow the above rule, unless there is good reason for doing otherwise. We hold that the plaintiff, as indorsee of the check, was not as a matter of law put upon inquiry by reason of the check's being negotiated prior to the day of its date; therefore, the instruction requested was properly refused. The testimony tended to show, and the jury found, that the plaintiff took the check in good faith and for full value, and at that time as a matter of fact had no notice of any infirmity in the instrument. This feature of the case is therefore settled by the verdict of the jury.

Non-Negotiable Bill

NEGOTIABLE INSTRUMENTS LAW—APPLIES TO NEGOTIABLE INSTRUMENTS ONLY.

Supreme Court of Errors of Connecticut, March 11, 1913.

WINDSOR CEMENT CO. VS. THOMPSON.

The Negotiable Instruments Law applies to negotiable instruments only, and does not prevent an order not payable to order or bearer from operating as a non-negotiable bill of exchange.

THIS was an action upon a written instrument alleged in the complaint to be a bill of exchange. The instrument was in the following form:

"Hartford, Conn., Nov. 14, 1910. Robert Davis. Please pay to the Windsor Cement Company $468.69 and charge to my account. This is for material furnished on the Cooley house. George Thompson."

THAYER, *J.* (Omitting part of the opinion)—The plaintiff under its complaint was not entitled to judgment unless the order sued upon is a bill of exchange. As it is not payable to order or bearer, it is not within the definition of a "bill of exchange" found in the Negotiable Instruments Act (General Statutes, § 4296). Before the passage of that act, non-negotiable bills of exchange were recognized in this State and elsewhere. Jarvis vs. Wilson, 46 Conn. 90, 91. The act purports to relate to negotiable instruments only. When originally enacted in 1897, it was entitled "An act relating to negotiable instruments, being an act to establish a law uniform with the laws of other States on that subject." The subject to which the act relates is stated in the first part of the title and its purpose is stated in the last part. The history of the act is well known. The laws relating to negotiable paper had not been uniform in the different States. As such paper circulated between the different States, it was important to the commercial world that the laws of the different States relating thereto should be uniform. The act was passed upon the recommendation of the national conference of the state boards of commissioners for promoting uniformity of legislation in the United States and conforms to the bill for an act which they caused to be prepared. Mr. Crawford, who was employed to prepare the draft of the bill which the commissioners recommended for adoption, says: "The law was not intended to affect non-negotiable instruments. The law is confined to negotiable instruments. No attempt is made to deal with instruments which are not negotiable, and they are not governed by this statute." Crawford's Annotated Negotiable Instruments Law, p. 2, note "a." Non-negotiable instruments are not intended to be circulated from hand to hand. The need for uniformity of law in the different States relating to them does not exist. In view of the history of the act and its apparent and declared purpose, it cannot be assumed that the

Legislature in enacting this law intended thereby to confine bills of exchange to those only which are negotiable. It is rather to be assumed that, dealing as it does with negotiable instruments, the act purports to define only negotiable bills and to leave non-negotiable ones and the law relating thereto as it was before. Such we think is the only reasonable interpretation of the statute. In other States where non-negotiable bills of exchange had previously been recognized and which have passed the negotiable instruments act, this has been the interpretation placed upon it. Westberg vs. Lumber & Coal Co., 117 Wis. 589, 595.

The instrument in suit is in form a bill of exchange, is not payable to bearer or order, and contains all the elements of a non-negotiable bill of exchange. Jarvis vs. Wilson, 46 Conn. 90, 91, 33 Am. Rep. 18.

Upon the facts appearing upon the record the court's rulings were correct. No question has been made before this court upon the question of the allowance of interest. There is no error. In this opinion the other judges concurred.

Replies to Law and Banking Questions

Questions in Banking Law—submitted by subscribers—which may be of sufficient general interest to warrant publication will be answered in this department.

Raised Check — Liability of Bank — Negligence of Drawer

GAINESVILLE, TEXAS, April 24, 1913.

Editor Bankers Magazine:

SIR: The following is clipped from the "Texas Bankers' Journal':

"Check Was Raised.—Agnes Reed, a negress, was arrested in San Antonio by Sheriff Tobin. The woman is charged with having raised a check given for $15 at Bay City to $1,500, which was placed in the hands of a Houston bank for collection by the woman. The money was paid and soon afterwards the negress was arrested.

"W. A. Boyd, who is connected with the Texas Bankers' Association in the capacity of a detective, and who has his headquarters in Waco, passed through Houston and was instrumental in discussing this phase of criminal activity. He said: 'Some people still have the old, old idea that the bank is the one that loses when a raised check is cashed. That is altogether wrong, and the Supreme Court of the United States, in a case tried in Illinois, has held that the individual signing the check is the party who is responsible for the loss.'"

Is not this gentleman mistaken? I think he is wrong. Of course, I understand that the drawer of a check or draft has to observe ordinary care in drawing the instrument, but if this is done, is not the bank the loser in case of the payment of a check that has been fraudulently raised?

O. E. POWERS, *Assistant Cashier.*

Answer: The general rule is well settled that where a bank has paid a raised check it can charge against the account of the depositor only the amount for which the check was drawn, that being the only sum that the drawer has authorized it to pay. In a leading English case (Hall vs. Fuller, 5 B. & C. 750)—which has been uniformly followed in this country—the bank had paid a check raised from £3 to £300. The court said: "The banker or the depositary of the customer's money is bound to pay from time to time such sums as the latter may order. If, unfortunately, he pays money belonging to the customer upon an order which is not genuine, he must suffer, and to justify the payment, he must show that the order is genuine, not in the signature only, but in every respect. This was not a genuine order, for the customer never ordered the payment of the money mentioned in the check." But it is also well settled that where the drawer has prepared his check so negligently that it can be easily altered without giving the paper a suspicious appearance and alterations are afterwards made, he can blame no one but himself, and cannot hold the bank liable for the consequences of his own

negligence in that respect. (Trimble vs. Garfield Nat. Bank, 121 App. Div. [N. Y.] 870; Gerard vs. Hadden, 67 Pa. St. 82; Harvey vs. Smith, 55 Ill. 224.) But the question of negligence cannot arise unless the depositor, in drawing his check, has left blanks unfilled, or by some affirmative act of negligence has facilitated the commission of a fraud by those into whose hands the check may come (Crawford vs West Side Bank, 100 N. Y. 50). And while the drawer may be liable where he draws the check in such an incomplete state as to facilitate or invite fraudulent alterations, he is not bound to so prepare the check that nobody can successfully tamper with it. (Critten vs. Chemical Nat. Bank, 171 N. Y. 219.)

Addition to Wording of Note

HOUSTON, TEXAS, April 14, 1913.

Editor Bankers Magazine:

SIR: Please advise us whether the negotiability of a promissory note otnerwise negotiable would be affected by the addition of the following words, viz., "For payment on contract of even date." CASHIER.

Answer: The words "For payment on contract of even date" are merely a statement of the transaction which gives rise to the instrument and do not impair the negotiable character of the paper.

Demand Note — Presentment of—Time for—Indorser

PITTSBURGH, PA., April 20, 1913.

Editor Bankers Magazine:

SIR: Where a demand note with interest is signed by A and endorsed by B as accommodation endorser, must the discounting bank make demand on the endorser at any time or any stated periods, or does his responsibility continue indefinitely without any notice to him that the note is still unpaid?

Answer: We do not find that this question has been decided in Pennsylvania, but it has been settled in New York by a decision of the Court of Appeals, and this decision seems to be so plainly right, that no doubt it will be followed in other States. The case referred to is Commercial National Bank vs. Zimmerman, 185 N. Y. 210. In that case, the language of the note was: "On demand after date we promise to pay to the order of Joseph Zimmerman ten thousand dollars at Commercial Bank. Value received with interest." Under the rule which existed in this State prior to the adoption of the Negotiable Instruments Law, the words "with interest" would have made the note a continuing obligation from which none of the parties would have been discharged until actual presentment and refusal to pay. But the court held that this rule had been abolished by the Negotiable Instruments Law, and that since the adoption of that statute, no distinction is to be taken between demand notes which contain a mention of interest and those which do not. A bank dealing with a note payable on demand with interest, should, therefore, treat it precisely as it would a demand note which contains no mention of interest.

Blue-Sky Laws—Validity of—Interstate Commerce

BOSTON, MASS., May 12, 1913.

Editor Bankers Magazine:

SIR: Are the so-called "blue-sky" laws, regulating the sale of securities, enacted by several States, in conflict with the constitutional provision granting to Congress the right of regulating interstate commerce?

INVESTMENT BANKER.

Answer: Such laws are not necessarily a regulation of commerce between the States, and when properly drawn, are quite within the police power of the several States. For example, if an investment banker in the State should sell securities within the State, the act would be intrastate, and subject to State regulation. But if the

Legislature of some other State should attempt to prohibit bankers in New York or Boston from selling to residents of such other State, securities not registered in that State, the statute, unless carefully limited in its scope, would be unconstitutional as a regulation of interstate commerce.

A Kind Word for the Boss of the Bank

FROM "Number Forty," the bright house-organ of the National Nassau Bank of New York, comes this fine tribute to the bank's boss:

The word atmosphere may be variously defined, but to use it figuratively in connection with a banking institution is perhaps a rather curious way of applying it. Nevertheless, the subtle, intangible thing we call by this name is felt by everyone immediately upon entering a place, whether it be a home, a commercial place or a bank, and the persons experiencing it may differ from each other not only mentally but in every other respect as well.

In taking up merely one phase of this subject, from the viewpoint of an employee of No. 40, in regard to the atmosphere of the National Nassau Bank, there would probably not be one dissenting voice among its one hundred clerks, if the assertion were made that the atmosphere here is one of wholesome good fellowship. Like all matters in this world, where there is an effect, there must be a cause, and when the atmosphere of the place where one spends eight or more hours of each day is pleasant or disagreeable, the reason can invariably be traced to the man higher up. Poor, unfortunate, great men! They are made accountable for so much for which they are not to blame. Perhaps it does not always occur to us to give them credit for their splendid achievements outside of their financial powers. It is none the less true that our cheerful and home-like atmosphere here may be one of the great successes of our very successful executive head and his official staff. Who is there among us who has not felt, directly or indirectly, the influence of the splendid big nature of "Our Boss," whose kind heart, combined with his keen intelligence, has ruled us firmly and yet so good naturedly? Yes, he is the "Boss" in every sense of that homely word. Its synonyms are "master-workman" and "superintendent," which imply that he is not only the master, but also a workman, and, therefore, one of us. This in turn would seem to prove that we are all of the equality of one family, and that the Boss understands our needs, sympathizes with our trials, and is ever ready to lend a helping hand to each individual one of us, from his immediate associates to the newest and poorest little office boy. Such kindliness of spirit sifts down through the hard crust of commercialism and business, like the warm sunshine through the frost-hardened earth, and works its wonders in the same way.

The atmosphere of Old Nassau is permeated with it. The longer one stays here the more strongly this feeling develops, so that it is going to be quite impossible ever to get rid of some of us! Of course some of the girls might marry, but "home was never like this," so why bother? Then some of us might get sick and die, but as most illness is traceable to indigestion, and as no one could possibly have indigestion who hears those deep, hearty peals of laughter ringing from the front office before and after business hours each day, it follows that we will all stay well and live here happy ever after.

TOM RANDOLPH

PRESIDENT NATIONAL BANK OF COMMERCE, ST. LOUIS, MO.

At the regular meeting of the board of directors of the National Bank of Commerce, St. Louis, Mo., on April 29, B. F. Edwards announced his resignation as president of the bank, and thereupon Tom Randolph, vice-president, was unanimously elected as his successor.

Mr. Randolph went to St Louis in 1903 from Sherman, Texas, where he was president of the Merchants and Planters' Bank and widely interested in banking and railway enterprises. He went to St. Louis to become president of the Commonwealth Trust Company, which had just absorbed several other trust companies, giving it a capital and surplus of $5,500,000. Mr. Randolph's management of the company was successful, and when in 1908 the commercial accounts of the Commonwealth Trust Company, approximating $9,000,000, were taken over by the National Bank of Commerce, Mr. Randolph was elected vice-president, and continued in that position until chosen president, as stated above. His election to the presidency of the National Bank of Commerce — one of the leading Western banks—is regarded with general satisfaction.

INVESTMENTS

Conducted by Franklin Escher

National Banks and the New York Stock Exchange

By E. S. Avery

A PART of the cash reserves of national banks in all parts of the United States is in a form of deposits drawing low rates of interest in other national banks in the larger cities known as reserve cities, or in New York city, which is the chief of the central reserve cities. National banks in the reserve cities keep a part of their cash reserves in the New York city banks. In these same banks are kept deposits representing cash reserves of banks and trust companies organized under the laws of the several States.

The Keystone of the Arch.

The New York city banks are the keystone of our financial structure under the national banking act, and as such must hold up the finances of the United States at all times. Accordingly they are required by law to keep in vaults twenty-five per cent. of their deposits in the form of gold coin, or in the place thereof United States Government Certificates representing gold stored in the Treasury Department. These cash reserves, which, of course, are enormous, cannot be used lawfully under any circumstances by the banks to meet withdrawals of deposits, but must lie as stagnant capital until bankruptcy and a receivership allows them to be paid primarily for the expenses of the receivership and secondarily after months or years of delay to depositors. In practise the New York banks draw on these reserves in times of financial panic to the extent of about one-fifth, the law prohibiting the use of reserves being universally recognized as absurd. But the Comptroller of the Currency deems it his duty to compel the full reserve long before business conditions make the vaulting of money practicable, thus aggravating a grave situation. The cash reserves of our New York city banks are not reserves in the sense that they are reserved for use in emergencies. They are simply stagnant currency never used and never usable. They are as absurd in banking as would be an enormous army reserve deemed essential to our protection, and, therefore, prohibited by law from ever endangering itself by going into battle. There are ways in which bank reserves could be made available in case of financial crises. One suggestion is that they be a basis of bank note issues under restrictions which would prevent their use under normal business conditions.

The cash reserves required by law being useless in times of financial stringency when they should be available it is necessary that a surplus reserve be carried by the New York banks. Such reserves must be either in the form of cash in the vaults, which is unproductive and a serious burden on the profitable operation of the banks, or in the form of loans payable on demand or after one or more months, and secured by collateral which can be converted into cash under the worst financial conditions at a moment's notice. Accordingly the banks loan enormous sums on stocks actively dealt on the New York Stock Exchange, and which have a ready market value at all times. Such loans are made also on cotton, wheat or corn listed on other exchanges, but

these loans are small compared to the loans on Stock Exchange collateral.

THE REAL RESERVE.

The New York Stock Exchange affords the New York national banks, and through them all the national banks of the United States, their real cash reserve. Money is raised through the Stock Exchange by calling loans secured by listed bonds and stocks. These securities are sold by borrowers to enable them to pay their loans. As more and more securities are sold their market values fall lower and lower until values are so far below what the securities are worth intrinsically that European buying begins. This brings gold or credits to the New York banks from Europe. Such a profligate method of raising money in time of financial need tends to injure the credit of our best railway and industrial securities, thus making it difficult to obtain new capital for business expansion, impoverishes many of our investors who are forced to sell or frightened into selling, and enormously increases our debt to Europe without an adequate return to us. In fact, Europe has grown quite accustomed to anticipating our folly and its investors are unwilling to buy our securities except at prices far below their intrinsic value.

In order that my meaning may be clear let us analyze the financial situation of the country during the past six months. After September 1, 1912, the farmers began to deliver their cotton, corn, eggs, wheat and other products to the railways and received payment through commission merchants, who drew on local banks or directly on New York. The local banks drew on banks in the reserve cities or directly on New York. The banks in the reserve cities drew on New York. Consequently enormous sums of money were withdrawn from the national banks in New York city. The deposits in these banks fell lower and lower week after week and to meet such withdrawals the banks called their demand and time loans secured by New York Stock Exchange collateral. This sent interest rates up and compelled borrowers to pay more than they could pay profitably. So the selling movement began and continued during the months in which the New York banks lost deposits. As always happens in a falling market weak and timid holders of stocks and bonds joined in the selling and helped along the declines.

This fall in values had no relationship to intrinsic values. In fact intrinsic values had risen as a result of the good crops and consequent business activity. We paid the farmers for their crops by compelling holders of New York Stock Exchange securities to sell at enormous financial sacrifices. Even those who did not sell suffered a loss in market value which amounted to several hundred millions of dollars.

Following the crop movement the New York banks were called upon to pay some of our obligations to Eu-

rope and this required a further calling of loans and a further selling of securities which resulted in still lower market values. Finally values were forced so far below intrinsic values that Europeans began to buy our securities which has stopped the export of gold.

The Need of Reform.

These conditions having confronted the national banks of New York city and members of the New York Stock Exchange year after year, an effort was made to change our absurd national banking act; but these efforts have been opposed by legislators partly because of their ignorance of the situation and partly because it is at present popular to oppose anything proposed by the New York bankers. It is little wonder that these New Yorkers were irritated and disgusted with the efforts of Mr. Untermyer which shed darkness on the general banking situation and disfavor on certain New York bankers who were charged with organizing a money trust.

If we have a money trust it has been forced into existence by reason of the fact that a supine Congress has failed utterly to afford adequate reserve strength for the national banks. This fact forced certain men in the 1907 panic to coöperate for the protection of our national banking system at a time when many national banks in the country, East and West, were bankrupt in the eyes of the law. A continuation of present banking methods will force our ading bankers to organize again when the next panic comes. Who will be the leader now that Mr. Morgan is gone, we cannot foretell; but there must be a leader, if a strong man can be found, for the banks must organize in future panics under existing conditions just as they have been compelled to organize in past panics.

At this point it seems appropriate to mention Mr. Morgan's service in the panic of 1907. At that time he was called upon unanimously by the national banks of New York for the protection of his customers and the public, to do something or anything for the relief of the financial situation. He undertook this task at the risk of his entire fortune, assuming a burden which did much to shorten his life. He was eminently successful. Then he was hailed as a savior of the nation. Recently he has been denounced by Government agents as the head of a vicious money trust. This indicates a change of public sentiment which is quite characteristic of Americans. They welcome help when they need help, but soon look unfavorably on men who are strong enough to help them. Perhaps Americans dislike those who do them favors because their spirit of independence resents being under obligations to anyone.

The Result.

What has been the result of our inefficient banking system? It forces idleness on an enormous amount of gold without affording any advantage to the country. It forces unnatural fluctua-

tions and consequent speculation in investment securities listed on the New York Stock Exchange. This has resulted in enormous losses to bankers who have undertaken to purchase and carry investments until they were sold to investors. It has frightened investors into selling their securities at prices far below their intrinsic values. It has discredited our choicest cashable securities at home and abroad so that investors are refusing to purchase them. It has compelled the formation of the so-called money trust, which under present conditions is essential to our welfare.

One man cannot suggest practical remedies. That must be done by men representing business and banking interests of the entire country. Politicians are not the men for this work. A commission of practical men should be appointed by the Government to study the money situation and propose a workable financial system. The money situation has been neglected by the United States Government, which is responsible for the existing conditions.

1873-1893-1903-1913—A Comparison

By O. R. S. (of a New York Stock Exchange House).

THE year 1913 has been looked forward to with apprehension by certain financial writers and students of market conditions on account of its being the year of the ten-year cycle corresponding with 1903, 1893 and 1873. Whether the cycle theory of panics and depressions is entitled to the serious consideration which some have given it, we do not pretend to say. Our only purpose at this time is to point out briefly a few of the similarities of this year to previous ones, in order to assist us in analyzing present conditions and thus the more accurately forecast what the future may have in store for the markets.

Panic of 1907.

Unquestionably the panic of 1907 was of the first class and called, theoretically, for the recovery of 1908 and 1909. This in turn presaged, at some time during the succeeding three years, commercial liquidation and depression in business, with a tendency on the part of prices to return to the previous panic level, though this tendency has been modified materially in the past by the condition of the money market, by the rate of gold production and by the accident of good or bad crops in any particular year. In our opinion we are now in this second period of liquidation so far as concerns the stock market. With regard to general business, a depression of more or less severity is certainly in prospect dependent upon the crop outlook, the political situation at home and abroad, and the ability of the money centers of the world to adjust themselves to the coming strain. This period of readjustment would not unlikely have reached its climax last

year had it not been for the furtunate harvesting of exceptionally large crops, enabling us to put off the eventual reckoning.

Depression of 1903.

The position of the market at the present time bears more resemblance to the secondary depression periods of 1903 and 1883 than to the first-class panic years of 1893 and 1873. In those depressions the trouble was the direct outgrowth of the strained money situation, due to the enormous overproduction of securities and unwarranted extension of credit by the banks on inadequate reserves, just as is the case to-day. There was no lack of business at either period and prosperous conditions ruled at the beginning of each year but the strain on the banks proved too great and resulted then, as it most certainly will now, in forced liquidation. As late as April of that year the "Chronicle" in speaking of general trade, said: "Nearly all reports as to commercial affairs are highly satisfactory and all the ordinary trade indications bear out the favorable views expressed showing that business remains unusually active and prosperous." Nevertheless the stock market continued to suffer and sentiment in Wall Street was so depressed that Mr. Morgan found it necessary, in order to bolster up some of the underwriting syndicates and allay public apprehension, to give out his now famous interview, from which we quote: "It may be true, as some of the captious critics declare, that at the present moment there are in the market many 'undigested securities.' But to my mind and in my judgment, these new securities are essentially sound and stable, and those who have them are in no wise alarmed because of their holdings." And yet the decline, which was under way at that time, as subsequent events proved, had only half run its course and did not culminate until the following autumn, while "Steel," the most notable of the "undigested," did not reach its low level of 8½ until the following spring, or one year later.

Congested Markets.

It is an undisputed fact that at the present time the security markets of the world are in a congested condition. In Europe the condition is probably worse than here. War, and the preparations for war, the hoarding of gold by both the banks and the people, coming at a time of constantly increasing demands for funds by governments and municipalities and corporations, have created a situation that the signing of a treaty of peace may alleviate but will not settle without subsequent liquidation. Already there are signs of a business reaction in England and Germany, which may eventually be severe, particularly in the latter country. In our own country we are without doubt headed toward a depression of more or less severity. The "Chronicle" of April 12th, speaking of the failures in the U. S., says: "For the first quarter of 1913 the aggregate of liabilities exceeds that for the similar interval of any year since 1878." The tariff agitation, though secondary in importance to the money situation, will also have a very disturbing and restraining influence on general business, and it is doubtful if its full effect has yet been felt or discounted.

Present Outlook.

The immediate fluctuations in the stock market are always difficult to forecast, but the ultimate outcome, we

have no hesitancy in saying, looks bad for the holders of securities. The trend is manifestly downward. Whether prices will reach the panic level of 1907 before a permanent recovery sets in, we would hardly venture to predict, but the tendency is certainly in that direction. The only modifying influence that we can see would be another big crop year, but even this might not have more than a steadying effect. The governing influence at the present time is money. Our legislators have left unheeded the warnings of 1907. Our currency is the same inelastic medium, and our banks will be in the same position as then in time of stress. We believe both the President and the leaders in Congress realize the seriousness of the situation, but the stress of politics has relegated banking reform to a position of secondary importance when it ought to be receiving the first consideration, and the reform when it comes may come too late to stay the storm. The menace of short time loans, falling due in our normally tight money period, with little prospect of conversion, hangs like a pall over the bond market. In the stock market there is little to encourage either the investor or the speculator.

Investment and Miscellaneous Securities

Quoted by J. K. Rice, Jr., & Co., Brokers and Dealers in Miscellaneous Securities, 36 Wall St., New York.

	Bid.	Asked.
Adams Express	136	143
American Bank Note Com.	48	49½
American Bank Note Pfd.	51	54
American Brass	137	141
American Chicle Com.	198	201
American Chicle Pfd.	95	99
American Dist. Tel. of N. J.	52¼	55¼
American Express	160	164
Atlas Portland Cement Com.	40	60
Atlas Powder Co.	87	91
Autosales Gum & Chocolate	18	23
Babcock & Wilcox	99¼	100½
Borden's Condensed Milk Com.	114	115
Borden's Condensed Milk Pfd.	106	107½
Bush Terminal	50	60
Celluloid	128	132
Childs Restaurant Co. Com.	150	160
Childs Restaurant Co. Pfd.	107	109
Computing-Tabulating-Recording	38	41
Connecticut Railway & Light Com.	68	73
Del., Lack. & Western Coal	..	295
E. I. du Pont Powder Com.	128	132
E. I. du Pont Powder Pfd.	89	92
Empire Steel & Iron Com.	8	13
Empire Steel & Iron Pfd.	40	45
General Baking Co. Com.	18	23
General Baking Co. Pfd.	60	70
Hercules Powder Co.	88	93
Hudson Companies Pfd.	9	...
Hudson & Manhattan Com.	2½	...
Hudson & Manhattan Pfd.	3	...
International Nickel Com.	128ex	131ex
International Nickel Pfd.	101	103
International Silver Pfd.	125	132
Kings Co. E. L. & P.	116	118
New Jersey Zinc	525	600
Otis Elevator Com.	77	79
Otis Elevator Pfd.	96½	100
Phelps, Dodge & Co.	218	228
Pope Manufacturing Com.	13½	17
Pope Manufacturing Pfd.	48½	51½
Remington Typewriter Com.	34	39
Remington Typewriter 1st Pfd.	97	100
Remington Typewriter 2d Pfd.	97	101
Royal Baking Powder Com.	188	195
Royal Baking Powder Pfd.	104	105½
Safety Car Heating & Lighting	110	112
Sen Sen Chiclet	112	117
Singer Manufacturing	295	300
Standard Coupler Com.	32	37
Union Ferry	15	18
U. S. Express	54	59
Virginian Railway	15	20
Wells Fargo Express	108	115
Western Pacific	7	8

Bankers' Conventions, 1913

American Bankers' Association, Boston, Mass., October 6 to 11.

American Institute of Banking, Richmond Va., September 17 to 19.

Idaho, Weiser, June 5-7.

Minnesota, Duluth, July 10-11.

New York, Ottawa, Canada, June 12-13.

North Carolina, Asheville, July 8-10.

North Dakota, Grand Forks, June 11-12.

Pennsylvania, Pittsburgh, June 20-21.

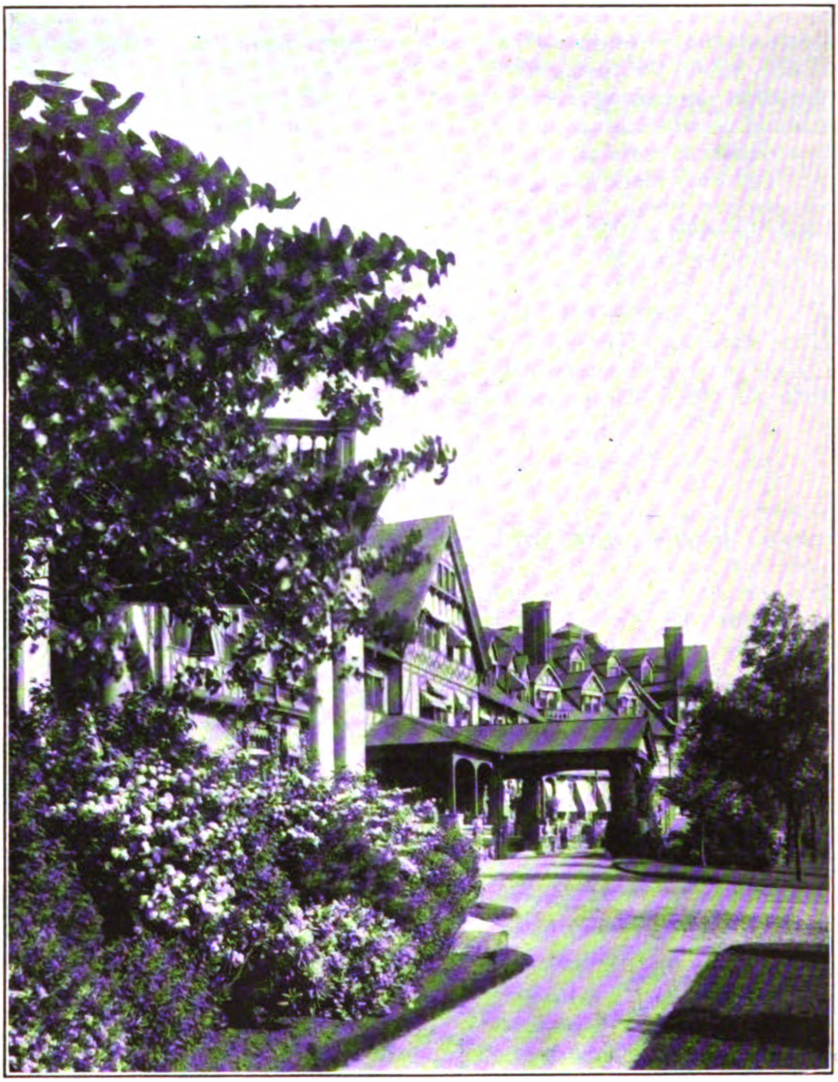
South Carolina, Lake Toxaway, July 10-12.

South Dakota, Watertown, June 25-26.

Virginia, Old Point Comfort, June 19 to 21.

Washington, Bellingham, August 7-9.

West Virginia, Elkins, June 11-12.



BRIARCLIFF LODGE, NEW YORK

At this beautiful place, members of the Executive Council of the American Bankers Association met early in May to review the work done the past year, and to plan for the convention to be held at Boston in October. Many of those present at this meeting took advantage of the opportunity of attending the third annual banquet of the Trust Companies Section of the American Bankers Association at the Waldorf-Astoria, New York, on the evening of May 8—one of the notable annual gatherings of the bankers of the United States.

BANKING PUBLICITY

Conducted by T. D. MacGregor

Making The Will

How Different Institutions Advertise that Sombre but Important Duty

MR. W. J. KOMMERS, Vice-President of the Union Trust and Savings Bank of Spokane, Wash., sends us a copy of a splendid new booklet just issued by his institution and entitled, "Life and Property." He writes as follows:

The interest your valued publication has in the past shown in bank and trust company publicity suggests my enclosing a copy of our new booklet just published entitled, "Life and Property," together with a newspaper clipping taken from our local press describing it.

In preparing our mailing list for the distribution of these booklets, we have been very careful in selecting only such persons as would seem logical prospects for literature of this character, and we believe that this care in the preparation of our list and the highly educational nature of the booklet itself, practically insure the elimination of "waste circulation."

Each booklet sent out is accompanied by a letter like the one enclosed, signed by the writer, it being our belief that such a letter properly prepared will do more than any other one thing to gain for a booklet the careful reading it deserves. The manner of presentation of the subject in the form of questions and answers ought not only to excite, but hold attention, as against so many booklets set up in solid type.

The form letter referred to reads thus:

DEAR SIR:

The making of one's will—the deed which conveys the accumulation of a lifetime—is a matter of the utmost importance, yet one which is most easily put off.

We are constantly brought face to face with instances where estates have been dissipated through unwise investments, incompetent management, family strife or costly ligitation. Much of this could have been avoided by the timely execution of a will, appointment of an efficient and responsible executor or by the creation of a trust fund for dependents.

Hence this institution is determined to exercise what seems not only a privilege, but its duty, to bring home to those possessed of property the necessity of planning for its final disposition. The booklet which we enclose answers many of the will questions asked of us over the counter, with a brief outline of the Washington law of inheritance, and we hope it will merit your careful reading.

Trusting that you may grant the writer, or one of our officers, the privilege of a personal interview at some convenient time, and that you will refer to us such of your friends as might need our services in this or any other trust capacity, we remain,

Respectfully yours,

W. J. KOMMERS,

Vice-Pres..-Trust Officer.

The subject matter of the booklet is handled in the form of a catechism, this Socratic method serving to bring out the points very clearly. A very complete exposition of the subject is given, but the interesting manner in which it is presented, both as to literary form and typographical attractiveness, rob the subject of the dryness which is too often a characteristic of such efforts to handle testamentary matters from an advertising standpoint.

The Foreword of the booklet reads as follows:

FOREWORD.

The purpose of this booklet is to present to the people of Spokane and Washington the necessity of making a will and the advantages afforded them by naming the Union Trust and Savings Bank as executor, trustee or guardian.

It also contains a brief abstract of

THE FLORIDA TIMES-UNION, JACKSONVILLE, FLORIDA, THURSDAY, MAY 1, 1913

BARNETT NATIONAL BANK

THIRTY-SIXTH ANNIVERSARY GREETINGS

May First, Nineteen Hundred and Thirteen Marks the Thirty-Sixth Anniversary of Our Business Career.

HISTORY

TODAY WE BEGIN our thirty-sixth year of business life as bankers in Jacksonville. During this time, the life of a generation of men, we have weathered pestilence, freeze and fire; passed unharmed through disastrous speculative periods, and the panic years of 1894, 1893 and 1907, meeting all our obligations and discharging all our trusts with absolute fidelity.

As Jacksonville has grown from a small town to its present proportions we have advanced with its growth; our strength is a source of pride to its citizens, who rightly judge that no surer test of the prosperity of a community can be found than is given by its financial institutions.

Thirty-six years' contact with local business conditions has put us in a position to aid with our experience Florida's business men.

BARNETT NATIONAL BANK

POLICY

YOUR ACCOUNT will be welcomed, whether it be large or small, at this Bank, where you are assured of absolute security and the most courteous service.

Our desire is to serve you. If ever we cannot do what you want, it will not be for lack of effort on our part, but because our business judgment, based on years of experience, tells us it would not be safe banking.

Security for our Depositors is our first thought; our ample capital, surplus and undivided profits, with the supervision of the National Government, making this unquestioned.

We invite Bank Accounts, Commercial Accounts, Individual Accounts, Accounts by Mail, Savings Accounts.

Four per cent interest paid in the Savings Department.

Safe Deposit Boxes for rent in our Chrome Steel Vaults.

Traveler's Checks and Letters of Credit issued on all parts of the world.

Special attention given to collecting notes given in payment for real estate.

BARNETT NATIONAL BANK

1877

THE OLDEST BANK EAST OF TALLAHASSEE

1913

1877

SINCE 1881 THE LARGEST BANK IN FLORIDA

1913

Report of Condition of

The Barnett National Bank of Jacksonville

AT THE CLOSE OF BUSINESS

April 30, 1908

Resources		Liabilities	
Loans and Discounts	[illegible]	Capital	$ [illegible]
Premium Account	[illegible]	Profits	[illegible]
U. S. Bonds	[illegible]	Bonds Borrowed	[illegible]
Bonds and Securities	[illegible]	Circulation	[illegible]
Banking House	[illegible]	Deposits	[illegible]
Cash in Vault and Due from Banks	[illegible]		
	[illegible]		[illegible]

April 30, 1913

Resources		Liabilities	
Loans and Discounts	[illegible]	Capital	$ [illegible]
Premium Account	[illegible]	Surplus and Profits	[illegible]
U. S. Bonds	[illegible]	Dividends Unpaid	[illegible]
Bonds and Securities	[illegible]	Circulation	[illegible]
Banking House	[illegible]	Deposits	[illegible]
Other Real Estate	[illegible]		
Due from U. S. Treasurer	[illegible]		
Cash in Vault and Due from Banks	[illegible]		
	[illegible]		[illegible]

Increase in Total Resources in Five Years.........$2,964,365.35

DIRECTORS:

W. D. BARNETT

[illegible]

D. H. DOIG

OFFICERS:

W. D. BARNETT, Chairman of the Board

FRANK ADAMS, President

GEO. R. DeSAUSSURE, Vice Pres't

A. G. CUMMER, Vice Pres't

B. E. WHEELER, Cashier

W. B. [illegible], Ass't Cashier

C. S. L'ENGLE, Ass't Cashier

GEO. A. KIRK JR., Ass't Cashier

A FULL PAGE ANNIVERSARY AD. OF A GOOD BANK

Washington statutes relating to the distribution of property in case of death without a will.

This booklet is issued in reply to many queries received by this institution touching upon the subject.

When you have labored a lifetime to accumulate your property, who can determine better than yourself to whom it shall go, or how and by whom it shall be managed after you have been called by death?

The careful planning, drawing and executing of a last will is a most solemn business act. It is the most important personal document you will ever be called upon to execute. The manner in which it is written will determine how well your wishes will be carried out. It is the final disposition of your life work.

The Southern Trust Company of Clarksville, Tenn., introduces this subject in a copyrighted booklet in good taste as follows:

In time of health prepare for death, for never can you prepare so well as when your mind is clear and your body strong. You need your keenest and calmest thought to consider the final disposition of your property. Therefore, consider it now. You know how much care and attention you gave to accumulating what you have. Reflection will convince you that it will take a lot more care and attention to prevent its being wasted when you are gone.

You have had an object in planning and toiling and denying yourself that you might accumulate. Probably it was to provide for some one who could never face the storms of life as you have faced them.

You have had to work and plan unceasingly to protect that dear one. Reflect upon the grave matter of a successor to that responsibility when you lay it down.

The Bridgeport, Conn., Trust Company sends out a circular headed: "Safeguarding Your Estate," and reading this way:

The growing confidence of the public in trust companies and the extensive use which is being made of their facilities is due chiefly to two factors: First, the fact that they are under the jurisdiction of rigid laws; second, the variety of service which they can render.

Trust companies can serve as efficiently in one trust capacity as another. Whether as executor, administrator, trustee, custodian, guardian or agent, their equipment is adequate and assures ›patch and accuracy.

Even though an individual appointed as executor of a will may be able to attend to the ordinary requirements, should legal or other intricate matters arise, he would in most cases be handicapped by his lack of knowledge and by his inexperience.

Trust companies have their own attorneys, they are in constant touch with many other fiduciary affairs, they have complete information upon every trust function and have every facility at their command for carrying out trusts committed to them.

The strict laws of the State of Connecticut, wide and thorough experience, permanence and equipment to handle every transaction, small or .arge, with promptness, system and impartiality—these are the qualities which make the Bridgeport Trust Company superior and preferable to individuals in executorships or other trust capacities.

Our officers will be pleased to have you consult with them for further information regarding the service which this institution renders in its Trust Department.

The Wachovia Bank and Trust Company of Winston-Salem, N. C., sent out postcards with this matter on them:

WHEN TO MAKE THE WILL.

It Adds No Expense—Act To-day.

The naming of your own executor costs your estate no more than an administrator that may be named by the court.

As most wills that have been broken by legal proceedings were executed shortly before the death of the testator, it is wise to make the will while in good physical and mental health, when you are capable of looking after every point in a normal manner.

Taking this step would eliminate many of the contests over a will that have been carried through the courts for settlement.

There is no time like the present to write your will. Where we are named as executor we write and keep safely without charge.

Write our Trust Department to-day.

A. H. Eller, Trust Officer.

WACHOVIA BANK AND TRUST CO.,
Winston-Salem, N. C.

There was a reply card to be detached. It was arranged like this:

A. H. Eller, Trust Officer,
Wachovia Bank and Trust Company,
Winston-Salem, N. C.

Dear Sir:

I am interested in the service rendered by your company as:

Administrator	Agent	Guardian
Executor	Custodian	Trustee

Yours truly,

....
....

Advertising Manager C. L. Glenn of this institution writes: "We have recently used 10,800 each of the cards which I am sending you and from these we have had many inquiries which have led to the writing of three wills naming this institution as executor, and and when we have followed up these inquiries a little further we should have more such wills and have made a number of bond sales."

How Banks Are Advertising

Note and Comment on Current Financial Publicity

JUNE is the month of weddings and a great many banks take cognizance of this fact in their advertising. Here is the copy of such an ad. issued by the Penn National Bank of Reading, Pa.:

JUNE BRIDES.

In this month of weddings the groom with modern ideas will devote a portion of his income to a bank account for his wife, whether it be big or little. The first lesson in economy is a personal bank account. No woman can learn to save without a nucleus to give an incentive. The best investment for a newlywed is a sum of money to his wife for a saving account; trust her to augment it with dimes and nickels saved by economic housekeeping, and the whole will grow daily by the three per cent. interest paid by

THE PENN NATIONAL BANK.

The Commercial National Bank of Charles City, Iowa, says:

Cupid recognizes another factor—one of higher potentiality—and realizes that in his affairs there must be money. Why don't you start to save now; so you will be ready when Cupid calls.

The National Shawmut Bank of Boston has been using a series of advertising blotters ornamented with very artistic Indian views and carrying well expressed facts concerning the bank's service.

The Savings Union Bank and Trust Company of San Francisco had its fiftieth anniversary some time ago. The booklet commemorating that event is particularly handsome and appropriate, differing from the usual run of historical bank booklets in the special excellence of its mechanical get up. The illustrations include pictures of old and new San Francisco, the interior and exterior of the bank building and some of the oldtime directors of the institution. The one hundredth half-yearly report of the bank showed deposits of over $82,000,000.

"The Ghost" is "Published every pay-day by the Salary Raising Department of the American Trust and Savings Bank of Birmingham, Ala." It is a vest-pocket size booklet full of inspirational stuff designed to increase the *esprit du corps* and efficiency of employees of the bank.

Another in the series of historical booklets being issued by the First National Bank of Boston is "The Story of the Cent Maker and the First Colonial Mint." It is an interesting story well told.

The Fifth Avenue Bank of New York has issued a rather unusual booklet to advertise its service for travelers. The booklet entitled, "Before Making a Journey," is indexed by having the pages cut in at the side, the subject treated on each page being printed on the projecting margin. The topics covered are: Steamship Accommodations; Foreign Money; Letters of Credit and Travelers' Cheques; Mail and Telegrams, Cipher Code; Banking by Mail; Safe Deposit Department; Collection of Income; Securities; and General.

In a fleur-de-lis covered folder containing its April 4th statement, the National City Bank of New Rochelle, N. Y., announces the celebration of the 225th anniversary of the settlement of New Rochelle thus:

THE COMING OF THE HUGUENOTS.

In the year 1685 there was issued in France the Revocation of the Edict of Nantes, which drove from that country over 200,000 of its people, many of them artisans and skilled mechanics. A large number sought refuge in England and later some of

these emigrated to New York, from which place a company of them, in the summer of 1688, led by Jacob Leisler, then acting Governor of New York, settled on the six thousand acres of land he had purchased from Lord Pell two years previous. This settlement they named New Rochelle, after their beloved city of La Rochelle in France.

The year 1913 rounds out the 225th anniversary of the settlement of New Rochelle by the Huguenots and the people of this city are planning to suitably celebrate this event by dedicating the last week in June—beginning on the 22d and closing on the 28th—to a series of events that will appropriately commemorate the beginning of this well-known place.

The mayor and council of La Rochelle have been formally invited to be present during that week, and it is expected that the mayor and a delegation of citizens from that famous city, as well as many foreign and American officials will do us the honor of being our guests at that time.

The committee of arrangements cordially invite all who are interested in this event to make New Rochelle their objective point during celebration week.

The officers of this bank will be glad to answer inquiries for further details.

Carrying on a banking business in one spot for 118 years is certainly something worth calling attention to in an advertisement. How the Bank of the Manhattan Company did it in New York newspapers is shown by the accompanying reproduction.

The National Exchange Bank of Roanoke, Va., features its teller system by a large newspaper advertisement reading, in part, as follows:

OUR MODERN EQUIPMENT SAVES TIME. TRY IT.

Our unit system of tellers and bookkeepers means quick service.

Make your deposits, get checks cashed, change, payroll, your pass book or information about your account—all at the same window. You do not have to go to different windows and probably have to wait your turn at each.

FOUR TELLERS' WINDOWS.

Window No. 7—A to E, Mr. A. H. Dudley.
Window No. 8—F to L, Mr. W. P. Gregory.
Window No. 10—M to R, Mr. F. M. Kulp.
Window No. 11—S to Z, Mr. W. P. Camp, Jr.

Individual bookkeeper's desk for each

113 Years in Business

at 40 Wall St.

In 1798 New York suffered from a yellow fever epidemic which was attributed to an inadequate water supply.

On April 2nd, 1799, the Manhattan Company was chartered, with a capital of $2,000,000, for "supplying the City of New York with pure and wholesome water."

The Manhattan Company supplied water to those living south of the City Hall until a complete municipal supply was installed about 1832.

As the charter permitted its surplus capital to be employed in monied transactions, on September 1st, 1799, an office of discount and deposit was opened in its house on the site of the present No. 40 Wall Street. This was the beginning of the "Bank" of the Manhattan Company.

Bank of the Manhattan Company

Capital $2,050,000 — Surplus $4,100,000

FEATURING AGE

teller adjoins the tellers' cage, so information may be quickly obtained.

Window No. 1—Notes—Discounts and local collection notes, Mr. T. L. Engleby.

Window No. 5—Drafts and exchange. Also all items left for collection payable at other points, Mr. A. F. Rawson.

Window No. 14—Savings accounts and interest, Mr. W. B. Mays.

Window No. 3—Bank accounts, Mr. F. M. Mahood.

Each window and department is in charge of an experienced bank man, which assures you of quick service and courteous attention.

Every department of the bank is audited and checked by our auditor, Mr. C. W. Beerbower.

Mr. John Ring, Jr., manager of the publicity department of the Mercantile Trust Co., St. Louis, writes:

> We are enclosing you a booklet just issued pertaining to all departments of our company.
>
> In this booklet we get away from the usual style of showing a view of the president's office, stairway to the safe deposit department and other much traveled paths in bank booklets. One of the prime purposes for which this booklet will be used will be in soliciting for patrons of one department on behalf of another department— a field we have found most productive of results.
>
> We think some reference of this booklet might be of interest to your readers.

The booklet opens on "hinges" like a vault door and is indexed similarly to the booklet of the Fifth Avenue Bank mentioned above except that the indices are at the bottom of the pages. The introduction to the booklet reads:

> There are many people who are patrons of but one department of our company, and many not as yet patrons of any department.
>
> To both of these classes this booklet will appeal. It shows the wide range of our usefulness and the scope of our eleven departments.
>
> And if you look to equipment, organization and interior arrangement and accommodation for customers — the quiet, orderly, swift yet accurate doing of the things which make a great financial institution—you will realize that we are exceptionally well equipped to serve you.
>
> MERCANTILE TRUST COMPANY.

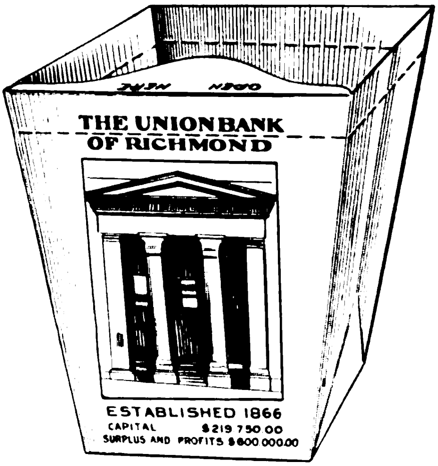
The subject matter of the booklet is unusually clear and effective. This ought to be a business getter and holder.

The opening of the baseball season was signalized by the Guardian Savings and Trust Company of Cleveland by issuing "The Fan—His Book." The booklet was compiled by Will McKay and contained official statistics of the American and National leagues; schedules showing where clubs play day by day; sketch of Cleveland players, records and notable happenings of interest to all fans; athletic and field day records.

The Granville, N. Y., National Bank is conducting a corn contest announced as follows:

> FARMERS, TAKE NOTICE.
>
> Voted at a recent meeting of its directors to offer the following prizes:
>
> FIRST—A prize of $10 will be given for the best acre of field corn. Second prize, $5.
>
> SECOND—A prize of $10 will be given for the best acre of silo corn. Second prize, $5.
>
> THIRD—A prize of $10 will be given for the best acre of billion dollar grass, raised for green feed. Second prize, $5.

The Wachovia Bank and Trust Company, Winston-Salem, N. C., issues a monthly paper called the "Wachovia Bank Bulletin." The May number



A SANITARY PAPER DRINKING CUP

(Courtesy Public Service Co., Harrisburg, Pa.)

was largely taken up with the reproduction of three of the "Talks on Thrift" prepared by the editor of this department and sent out for free publication in newspapers by the Savings Bank Section of the American Bankers' Association, New York. This is a good idea for other banks which issue monthly papers. This matter can be obtained free of charge and will stimulate savings accounts.

The Commercial Bank of Midway, Ky., is a new bank, but it is going right in for advertising. It has issued a good leaflet outlining its security and service.

The Commonwealth Trust Company of Pittsburgh had a garden contest announced as follows:

> $295.00 in Prizes.
>
> Commonwealth Trust Company of Pittsburgh
>
> Will hold Second Annual Garden Contest under auspices of the Pittsburgh Play Ground Association.
>
> Write or call for Entrance Card. Entries close June 1, 1913.

A good savings department letter sent out by the First National Bank of Clarksville, Tenn., reads:

> As a means of bringing the advantages of our savings department directly to your attention every month, we have arranged for a series of twelve beautiful post cards, which will be sent to you, beginning with April 1. "Field and Stream" is the title of the series, and I am sure that they will find a most appreciative welcome at your hands.
>
> Since our savings department was first organized I have been receiving the deposits and making all payments, and this has brought me in close touch with the seven hundred and odd people who are carrying accounts now and deriving the benefits therefrom. It has been helpful to them all, and I am sure can be equally as helpful to you.
>
> It requires only one dollar to start an account, and interest is computed every six months, on the first of January and first of July. So you see that for every one hundred dollars which you are keeping at home, you are losing three dollars each year. That is not a very large amount, but there is no reason why it should be deliberately thrown away.
>
> The people who have accounts now are gathered from every position in life—rich and poor, old and young—and they endorse it heartily.
>
> I am anxious to see the number grow to one thousand this year. My wicket is the last one on the right of the lobby—come directly there and I will be glad to see you.
>
> Sincerely yours,
>
> SAVINGS TELLER.

It is a new idea to have such a letter signed by the Savings Teller, but it is all right as he is the man at the bank the depositors will meet most frequently.

The City Bank of Syracuse, N. Y., had a picture contest thus described:

> Win one of the City Bank's prizes given for original pictures illustrating or fitting the title "Be Somebody." First prize, $10; second prize, $5. Contest extended to May 10 by request.
>
> Many of the drawings already received The City Bank will later wish to use in advertising, and for such drawings will pay $1.00 each, independent of and additional to prizes awarded.
>
> Please advise whether you have any objection to your name being published with your drawing when it is printed in the papers.
>
> One person may submit as many sketches as he wishes.

It is the tendency nowadays for banks to make use of every legitimate means to advertise themselves. Advantage is taken of many opportunities that formerly were neglected, as witness pay envelopes, statement envelopes, advertising novelties, etc. The Worcester, Mass., Trust Company uses coin wrappers and bands for bank bills manufactured by the Standard Paper Goods Company of that city. These

are furnished to large depositors free of charge and on the paper is printed the words, "Deposited in Worcester Trust Company by — — — — — — —."

New Book on Advertising

"Advertising As a Business Force," by Paul T. Cherington.

THIS book is rather different from the ordinary run of books on the subject of advertising in that it gets "right down to brass tacks," and gives the experience and records of results of actual advertisers. To quite an extent it is a compilation of articles which have appeared in "Printers' Ink" and other advertising journals, very systematically arranged, as is natural, inasmuch as the author is an instructor in the Graduate School of Business Administration of Harvard University. A wide range is covered in a very practical and interesting manner in Professor Cherington's 562-page book. The price is $8.00 and Doubleday, Page & Co., New York, are the publishers.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them from time to time. Others can get on this list free of charge by writing to the editor of this department. **Watch each month for new names and other changes.**

The Bankers Magazine, New York (ex officio).

John W. Wadden, Lake County Bank, Madison, S. D.

Henry M. Lester, National City Bank, New Rochelle, N. Y.

R. B. Parrish, cashier, National Bank of Commerce, Williamson, W. Va.

Frank A. Zimmerman, Chambersburg Trust Co., Chambersburg, Pa.

H. A. Dalby, Naugatuck Savings Bank, Naugatuck, Conn.

Arthur S. Cory, Chehalis National Bank, Chehalis, Wash.

C. F. Hamsher, assistant cashier, Savings Union Bank of San Francisco, Cal.

Horatio Ford, secretary, Garfield Savings Bank Co., Cleveland, Ohio.

F. W. Ellsworth, Publicity Manager, Guaranty Trust Co., New York.

T. H. Stoner, cashier, The Peoples National Bank, Waynesboro, Pa.

J. A. Overton, cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

W. R. Dysart, assistant cashier, First National Bank, Ripon, Wis.

W. J. Kommers, cashier, Union Trust & Savings Bank, Spokane, Wash.

W. R. Stackhouse, City National Bank Bldg., Utica, N. Y.

George J. Schaller, cashier, Citizens Bank, Storm Lake, Iowa.

J. G. Hoagland, Continental and Commercial Trust and Savings Bank, Chicago.

H. B. Matthews, S. W. Straus & Co., Straus Bldg., Chicago.

B. H. Blalock, assistant cashier, Security Bank & Trust Co., Jackson, Tenn.

The Franklin Society, 38 Park Row, New York.

C. L. Glenn, advertising manager, Wacho via Bank & Trust Co., Winston-Salem, N. C.

W. O. Boozer, treasurer, American Trust Co., Jacksonville, Fla.

John R. Hill, Barnett National Bank, Jacksonville, Fla.

W. P. Jones, assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

C. E. Taylor, Jr., president, Wilmington Savings & Trust Co., Wilmington, N. C.

Jesse E. Brannen, cashier, First National Bank, Westwood, N. J.

E. A. Hatton, cashier, First National Bank, Del Rio, Texas.

A. A. Ekirch, secretary, North Side Savings Bank, New York City.

E. M. Baugher, president, The Home Building Association Co., Newark, Ohio.

C. W. Bailey, cashier, First National Bank, Clarksville, Tenn.

C. W. Rowley, manager, Canadian Bank of Commerce, Winnipeg, Can.

T. J. Brooks, cashier, The Guaranty Trust & Savings Bank, Jacksonville, Fla.

W. W. Potts, treasurer, The Federal Title & Trust Co., Beaver Falls, Pa.

A. V. Gardner, advertising manager, The Northwestern National Bank, Minneapolis, Minn.

E. W. Finch, assistant cashier, Birmingham Trust & Savings Co., Birmingham, Ala.

Charles S. Marvel, The First-Second National Bank, Akron, Ohio.

Tom C. McCorvey, Jr., assistant cashier, City Bank & Trust Company, Mobile, Ala.

C. W. Beerbower, National Exchange Bank, Roanoke, Va.

B. P. Gooden, adv. mgr., New Netherland Bank, New York.

J. A. Buchanan, Guaranty Trust Co., Lancaster, Pa.

W. L. Jenkins, Farmers & Mechanics Trust Co., West Chester, Pa.

E. P. Simpson, Jr., assistant cashier, First National Bank, Toccoa, Ga.

E. L. Zoernig, Sedalia Trust Co., Sedalia, Mo.

W. R. Kay, Jr., advertising manager, Sacramento Bank, Sacramento, Cal.

Wm. J. Ruff, cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Frank K. Houston, assistant cashier, First National Bank, Nashville, Tenn.

B. S. Cooban, Chicago City Bank and Trust Co., Chicago, Ill.

Felix Robinson, advertising manager, First National Bank, Montgomery, Ala.

Germantown Ave. Bank, Philadelphia, Pa.

J. C. McDonald, advertising manager, The City National Bank, Sulphur Springs, Texas.

Union Trust Co. of the D. C., Washington, D. C.

E. R. Mulcock, Commercial National Bank, Syracuse, N. Y.

Miss Eleanor Montgomery, Adv. Mgr., American National Bank, Richmond, Va.

J. W. Hansen, cashier, Citizens State Bank, Sheboygan, Wis.

R. H. Mann, The Bridgeport Trust Co., Bridgeport, Conn.

A. Bush, Jr., Ladd & Bush, bankers, Salem, Oregon.

Dexter Horton National Bank, Seattle, Wash.

Geo. D. Kelley, Jr., treasurer, Newark Trust & Safe Deposit Company, Newark, Del.

Frank K. Houston, Asst. Cashier, Third National Bank, St. Louis, Mo.

L. W. Lovell, assistant cashier, The Lovell State Bank, Monticello, Iowa.

Nebraska State Bank, Ord, Neb.

Edward W. Klein, advertising manager, Cleveland Trust Co., Clevelond, Ohio.
H. C. Bollman, assistant cashier, First National Bank, Collinsville, Okla.
J. T. Donnellan, publicity manager, Security Trust & Savings Bank, Los Angeles, Cal.
C. B. Keller, Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.
J. C. Eherspracher, assistant cashier, First National Bank, Shelbyville, Ill.
F. W. Hausmann, assistant cashier, North West State Bank, Chicago, Ill.
Paul T. Schulze, assistant cashier, State Bank of La Crosse, La Crosse, Wis.
A. E. Potter, president, Broadway National Bank, Nashville, Tenn.
F. R. Adams, Will Co. National Bank, Joliet, Ill.
T. R. Durham, assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.
Victor F. Hann, Mgr. Publicity Dept., The Fifth Avenue Bank, New York City.
H. Warner Martin, assistant cashier, Lowry National Bank, Atlanta, Ga.
Wessels Van Blarcom, assistant cashier, Second National Bank, Paterson, N. J.

Pacific Coast Getting Ready for the Canal

THE Coast cities are deep in the throes of house cleaning and refurnishing, preparatory to the opening of the Panama Canal, says Helen Starr in "Collier's Weekly." Nothing shall block the path to the home doorstep, and so shallow harbors are being dredged; jetties, sea walls, and breakwaters are rising from the deep, and canals and waterways are being sent far back into the land. The enormity of the work undertaken reminds one of the ambitious Lilliputians of Gulliver fame.

Ambitious realty men have often erected whole cities—platted lots, erected a brick schoolhouse, a village church, a bank, and a hotel—all peopleless and doomed to decay. Seemingly on faith, the coast cities are covering their tide flats with factories and warehouses, the first for future buzzing machinery and the latter for some millions of Wenatchee apples en route to London, cargoes of White River potatoes, California wine, Fresno raisins, Bakersfield oil, and oranges from Redlands. However, the Coast is not planning a wildcat scheme, for the money is in its pocket and the guests are surely going to follow the new water route through the canal if only to attend San Francisco's special party in 1915.

Approximately, the cities of the Coast are together spending $50,000,000 on harbor improvements. Los Angeles, situated some twenty miles from the ocean, is quite as intent on sitting on the proverbial bank and letting her feet hang over as her rivals. And so she is spending $3,000,000, and contemplates spending $7,000,000 more on a breakwater and inner harbor with twenty-one miles of municipal wharfage.

Oakland is spending $2,503,000 for an inner harbor of her own. San Diego and Tacoma will improve their already wonderful natural harbors, and San Francisco plans to invest $9,000,000 in docks and waterways. Portland's program involves an expenditure of $2,500,000 in her attempt to reach ocean waters. Seattle, sprawling over its hills like a fast-growing child, suddenly discovered that for a slight expenditure of $20,000,000 its great fresh-water lakes, a stone's throw from the sound waters, could be transformed into a valuable inner harbor. These lakes are free from tides, will give 100 miles of shore for factories and wharves and their fresh water will release the destructive barnacles from the hulls of deep-sea vessels. Humboldt Bay, Coos Bay, San Luis Obispo, and Gray's Harbor are also making prodigious plans of their own.

The Coast has long been required to look to the East for promotion capital and for new people to help in its growth. The poverty-stricken Asiatic has not been admitted in great num-

bers owing to his unsuitability. In 1912 only 3,419 immigrants entered San Francisco and 1,836 entered Seattle, as compared to the 637,003 who landed at New York. With the opening of the canal the length of the trip from Europe to the Pacific Coast will about equal the long trip from the Orient to the same coast, and immigration from Europe will be as much of a possibility as immigration from the apparently nearer Asiatic countries.

Each State Legislature is interested in the problem, for each has appointed committees to do all they can for the new horde of peoples to come. They will prepare books in a score of foreign tongues which will explain the agricultural possibilities of different parts of the Coast, and send these broadcast. When the new people actually set foot on the Western shores they will be welcomed by the rival cities, protected until they are in a way adjusted, perhaps given a bit of logged-off land to be purchased on long-time payment, or sent to the part of the country and climate to which they are accustomed. The Germans and Dutch will probably strike for the Northwest and a dairy farm, while the Italian will feel at home in the picturesque California vineyards.

The West will have its chance to show what it can do with the immigration problem.

SAFE DEPOSIT

Rights of Co-Depositors

THIS interesting subject is thus discussed in a recent question and reply appearing in the New York "Journal of Commerce and Commercial Bulletin":

Question: 1. Please give me your opinion on the following matters which have arisen in connection with our safe deposit department. Our joint rental contract reads as follows: "We agree to have and hold safe No. — as joint tenants. The survivor or survivors to have access thereto in case of the death of either; but either to have power to appoint a deputy." A and B rent the safe under this contract. A died and B called at our office with a representative of the State Comptroller and demanded access. We refused access and informed B that a legally appointed representative of the estate of A must be present, as we are required to protect the interests of the decedent. B says that under our contract we must allow him to have access or be liable for conversion. Supposing A's estate was too small to warrant the expense of having an administrator appointed. what should our course of procedure be? Would we be liable if we permitted B to have access without having had notice of A's death?

2. A and B rent a safe as partners. In case of A's death, should we permit B to have access unaccompanied by a representative of A's estate?

3. A rents a safe in a fiduciary capacity, say as an executor, trustee or guardian. A died and B, as executor of his estate, demands access, which we refuse, taking the position that the proper person to have access should be the executor, trustee or guardian, etc., substituted for A. B claims that until such substitute is appointed, he as executor of A's estate, should take charge of the contents of the safe.

SAFE DEPOSIT.

Reply.—1. We are of opinion that the safe deposit company may properly allow the survivor to have access to the

safe in a case of this kind. The contract so provides. The company does not know that the decedent left any property in the safe, and it is not giving up possession of his property to any other person. The company is simply allowing a person who has rented one of its safes to open the safe he has rented. The company is, nevertheless, not liable to any penalty if it make a merely temporary or conditional objection to the opening of the safe by the survivor. It is justified in demanding a reasonable time to ascertain its rights and look into the relation between the parties; to do that it is not to render itself liable for conversion in refusing to surrender property or allow access to it. Whether A's estate is small or not, we think there is no objection to allowing B's access to the safe.

2. If A and B are partners the partnership is dissolved on the death of either unless the articles provide otherwise. But the survivor still has a right to the custody of partnership property, for the purpose of winding up the business. Any articles of personal property in the establishment of the firm are still property in the custody of the survivor, and he can sell them and give a good title to them. He is entitled to access to any property belonging to the firm; and it is to be presumed that property in the firm's safe deposit vault is of this kind. The surviving partner should be allowed to enter the vault. It may take some time to have an administrator appointed and qualified and the business of the firm might suffer very materially meanwhile if the surviving partner were kept away from the firm's papers and securities.

3. If A is executor or trustee or guardian, and he dies and B becomes his executor, B does not succeed him in his representative capacity as trustee, guardian, etc. B has a right to the custody of any property that belonged to A; but he has no right to demand custody of property that A was holding in a fiduciary capacity. Let another fiduciary be duly appointed to take charge of that.

Brief History of the Safe Deposit Vault

UNDER this title an interesting pamphlet has been issued by the Standard Safe-Deposit Company of New York. To Thomas Miller of Sheffield, England, is ascribed the credit of being the father of the great modern safe industry. In his works at Liverpool he constructed in 1846 several modern fireproof safes. The first American modern safe-deposit company, it is stated, was organized about the time of our Civil War.

Safe Deposit Facts

THROUGH the courtesy of Ralph S. Payne, manager of the safe-deposit department of the Metropolitan Savings Bank of Baltimore, THE BANKERS MAGAZINE has received a booklet bearing the above title and giving in a clear and attractive form the equipment and service of the department mentioned.

"This Safe-Deposit Department," it is declared, has back of it a bank with an honorable record of nearly fifty years; and has a vault whose contents neither fire nor robbery can reach or injure."

Safe Deposit Box Jointly Held —Inspection of Box by Survivor

THE right of a safe-deposit company to allow, without the knowledge of the State Comptroller, free access to its safe-deposit boxes by one of the survivors in a case where two persons had jointly rented a box, is upheld by a verdict recently rendered by the Supreme Court of New York, says "The Commercial and Financial Chronicle."

The action was decided in favor of the Mercantile Safe Deposit Co., which had been sued by Attorney-General Jackson because it had permitted Charles W. Osborne, one of the execu-

tors of the will of the late Russell Sage to have access to the box rented by the company jointly to Messrs. Osborne and Sage. It was claimed that the company in not preventing the opening of the box after death of Mr. Sage had violated a provision of the inheritance tax law, which denies access to a deposit box of a decedent except in the presence of a representative of the State Comptroller. Justice Brady concurred in the contention of the company's attorney that the law was meant to apply only to property received on storage by safe-deposit companies and not to safes or vaults rented to customers and of which the latter retain the keys or combination. He accordingly ordered a verdict in favor of the company.

What Bankers Are Saying

Well-matured views of bankers and other financial men are tersely expressed in the sub-joined extracts, taken from addresses at bankers' conventions and from other sources.

BANK BORROWING.

By L. F. Kiesewetter, Vice-President Ohio National Bank, Columbus, O.

BORROWING by banks, I take it, is not a practice to be condemned any more than it should be encouraged. It is really more of a local matter, something personal to be dealt with as the occasion arises in accordance with the conditions then prevailing. I am informed that it is not a general custom and statistics bear this fact out.

It is not a fallacy, a defect or an abuse. It is not a subject that assumes so much importance as that. It isn't of enough consequence, except in isolated instances, to need general drastic reformation. Let the transaction rather assume the aspect of being what one might call unusual though not irregular, something that can be done but should not be made a rule. If our national banking regulations are changed in this respect matters will be different accordingly.

I do not remember that we have ever sustained a loss by reason of any loans to correspondent banks. As between the two explanations, whether this is due to discrimination in making them, or to the generally accepted reason that such loans are above the average in safety, I am much inclined to the latter. I would like to know whether I am right in my belief that, with good care exercised in making them, loans to correspondent banks are, as a rule, very safe paper to have.

There is no doubt that occasions arise when it is necessary for the correspondent bank to have credit extended, and such a condition may come about in behalf of institutions which are managed in the best possible way. It is perhaps a legitimate proceeding but one which is not in use as much as it might be. On the average I believe that country bankers are not frequent borrowers They do not like to show in their statements of condition that they owe money, as their competitors in business are not slow to call attention to it. Many business firms look over bank reports carefully and prefer to associate themselves with one which does not have to ask for credit. It seems to me that it is a matter, however, which does not need encouragement, and as for discouragement that is only necessary in isolated instances where, through lack of knowledge, inexperience, etc., the correspondent bank is unable to adjust its affairs as it should.

There are instances, however, where

borrowing by banks may not alone be justified, but positively necessary.

Generally, however, our whole system of independent banks in a way seems to be opposed to extensive borrowing by the banks themselves.

From a canvass of leading bank presidents, I conclude that they think it desirable to have current borrowing done from correspondent banks, but in limited amount. Any other borrowing it is believed would cause comment and can well be confined to conditions of emergency.

Nowhere do I find it stated or maintained that borrowing by correspondent banks from reserved centers as is now done, would be an advisable feature of any plan of currency revision; that is, the elasticity needed in our banking system should not be accomplished by extending the implied power of incurring liabilities under present regulations. I think it is generally conceded that such an arrangement should be kept within present bounds, and that expansion of credit facilities should be accomplished through other forms, through methods of procedure that will involve a prompter redemption.

GOOD WORK OF THE AMERICAN INSTITUTE OF BANKING.

SPEAKING recently before the convention of the Arkansas Bankers' Association on "The American Institute of Banking and the Banker," F. W. Ellsworth of the Guaranty Trust Company of New York said:

"Without wishing to indicate at all that it is necessary to be elected an officer of a bank in order to achieve ultimate success, let me nevertheless offer as evidence that since the Institute was established thirteen years ago, nearly one thousand Institute men throughout the country have been elected to official positions in their respective banks. It is very obvious that many of these men would have become bank officers without the assistance of the Institute, but the fact remains nevertheless that these men who have been made bank officers are Institute men, and it is reasonable to suppose that many of them would still be doing clerical work had it not been for the inspiration and education received from the Institute. Ex-Congressman Fowler told me not so very long ago that in his judgment when the banking and currency questions are settled in this country the solution will be furnished, not by the bankers, not by business men, not by our representatives at Washington, but by the men in the American Institute of Banking.

BEEFSTEAK AND THE BANKER.

By M. A. Traylor, Vice-President National Stockyards National Bank, National Stockyards, Illinois.

A STATEMENT was issued by the Department of Agriculture from Washington on February 1st giving the number of cattle on American farms as of January 1st, 1907, and January 1st, 1913. According to these census returns the total number of all classes of cattle was:

January 1st, 1907...72,534,000 head
January 1st, 1913...56,527,000 head

Of the total number on the former date 52,000,000 head were beef cattle, the remainder being cows and dairy stuff, while on the latter date 36,030,000 head were beef cattle, leaving the number of milk and dairy cattle practically unchanged and showing a decrease of approximately 16,000,000 head in the number of beef cattle, or a shortage in this supply of thirty-two per cent, for the six years. During this time it is estimated that the increase of population in the United States has been more than 12,000,000.

Should this tremendous shortage be added to annually in the same ratio for another period of six years a very vivid imagination is necessary to realize what the price of beefsteak will be when the nation's total supply of cat-

tle has reached 40,000,000 head, of which not more than 20,000,000 will be beef stuff, and its population has been augumented by another 12,000,000 people to be fed.

These, however, are not the only figures available on the subject. It may be interesting to observe the government figures with respect to the number of cattle exported by the United States for the years 1906 and 1912 which in round numbers amounted to in 1906, 494,000 head, valued at $38,000,000; 1912, 36,000 head, valued at $3,000,000—evidencing a decrease in the number exported of approximately 458,000 head, or ninety-three per cent., and a decrease in the value of exports of $35,000,000, or ninety-two per cent. It is also worth while to note in this connection that this tremendous decrease has occurred systematically year by year and month by month, as disclosed by the fact that in December, 1912, our exports were 1,466 head, and in January of the present year 1,009 head, from which figures it is clearly evident that our exports in 1913 will not amount to exceeding 10,000 head of all classes of cattle, and the figures may be very much smaller.

As impressive as is the showing with reference to our exports of live cattle, are the figures covering imports of fresh beef by the United States. According to statistics compiled by the Department of Commerce and Labor our exports of fresh beef for the same years were as follows: 1906, 269,717,000 lbs., valued at $24,751,000; 1912, 9,025,000 lbs., valued at $1,053,000—showing a decrease in the number of pounds exported of 260,692,000 lbs., or ninety-seven per cent., and disclosing a loss in our trade balance on this one item alone of $23,698,000, or ninety-six per cent. On this point our exports to the United Kingdom, with whom we have our most extensive trade relations, are worthy of note, being as they were 684,000 lbs. of fresh beef as against 789,000,000 lbs. contributed to the supply of that country by Argentina, indeed a sorry showing for a great country which only a few years ago boasted of her ability to feed the mother land.

Financing the Cattle Raiser.

Certain it is that if there is to be a restoration of our cattle supply, if the farms of Missouri, Illinois, Kansas and Iowa are to be restocked, if the feed pens of these States are to remain the scenes of activity and profitable employment of their farmers during the next decade, the burden of financing operations to this end must of necessity fall most heavily upon the bankers. This is in a measure as it should be because, while business and industries of other character may ultimately suffer from unprofitable farming operations, the banker is the first to feel the disastrous effects of short crops and diminished live stock returns.

Therefore, in view of the prevailing high prices at which stocker and feeder cattle are selling, the question of first and greatest importance to bankers is, "Can we safely enter upon a campaign of education and financing of the enterprise?"

Practical Banking Contributions Wanted

HELPFUL articles relating to the everyday work of banks, savings banks and trust companies are desired for publication in The Bankers Magazine.

Short, bright paragraphs, telling in a clear and interesting way of some of the methods. systems and ideas employed in the most progressive banks of the country, will be especially welcome.

Contributions accepted by the editor will be paid for on publication.

New York State Bankers' Association

Twentieth Annual Convention at Ottawa, Ontario, June 12 and 13.

THE BANK OF OTTAWA—HEAD OFFICE, OTTAWA, ONTARIO (THE ONLY BANK HAVING ITS HEAD OFFICE IN OTTAWA)

FOR the first time since its organization the New York State Bankers' Association will hold its annual convention outside the borders of the State, going this time to another country—our northern neighbor, the Dominion of Canada.

The invitation extended to the New York bankers to hold their annual convention in Canada was no doubt prompted in part by the fact that the two great English-speaking nations are on the eve of the celebration of the one hundredth anniversary of peace between Great Britain and the United States.

The programme for the business sessions of the convention include many interesting features and addresses on live topics by well-known bankers and others.

CHATEAU LAURIER, OTTAWA

HEADQUARTERS ANNUAL CONVENTION NEW YORK STATE BANKERS' ASSOCIATION, JUNE 12 AND 13

New York Chapter and Syracuse Chapter of the American Institute of Banking are to debate the following question at the convention:

"*Resolved*, That it is for the best interests of the State of New York that some new form of financial institution be established in order to properly finance the business of agriculture in said State."

Affirmative, New York Chapter—debaters, E. G. McWilliam and Raymond B. Cox; negative, Syracuse Chapter—debaters, A. W. Loasby and W. H. Kniffin.

Headquarters of the convention will be at the Chateau Laurier—one of the notably splendid hotels of the North American continent.

Unusually fine entertainment will be provided by the bankers of Ottawa and by the Dominion Government. The entertainments include visits to the various points of interest in Ottawa and environs, a garden party, reception and dance and a banquet at the Chateau Laurier on the evening of June 12. Hon. Robert Laird Borden, the Premier of the Dominion, and Hon. William J. Bryan, the American Secretary of State, and other noted speakers, will be among the guests at the banquet.

On the return trip from the convention a stop will be made at Montreal from noon to 7 p. m., June 14.

Every indication points to the most brilliant success for the twentieth annual convention of the New York State Bankers' Association.

The courtesy of the Ottawa bankers and of the Dominion Government is recognized and appreciated by the New York bankers as a most graceful act.

How To Find It

IT was Ellsworth who was making a speech, when someone asked, "How do you find the fourth dimension?" The aforesaid gentleman calmly poured out a glassful of water, drank it, and then pointing his finger at the inquirer, said, "Advertise for it, you gink!"—*Guaranty News*.

American Bankers' Convention

Thirty-Ninth Annual Convention, Boston, Mass., Oct. 6-10

THOSE who contemplate attending the convention of the American Bankers' Association at Boston, October 6 to 10, and who have not already made arrangements for hotel accommodations during the convention, are requested to make application for such accommodation at the earliest possible date to Charles P. Blinn, Jr., vice-president of the National Union Bank, Boston, and chairman of the committee on hotel arrangements.

For some time the various committees at Boston have been engaged in arranging preliminary details for this convention, which promises to be an exceedingly interesting one, with a very large attendance.

Headquarters of the convention will be at the Copley Plaza Hotel, and several of the business meetings will be held in the ballroom there. Meetings will be held also in Symphony Hall.

The tentative programme of entertainments suggests a grand ball on the opening night; an aquatic carnival on the Charles River basin, with the greatest display of fireworks ever seen in the East, for the second evening; impressive exercises and addresses commemorative of the early history of Boston in the ancient churches and in Faneuil Hall for the third evening; an informal visit to Harvard, with sports in the stadium for the third afternoon; an inspection of the water front and harbor and one of the largest shore dinners ever known, for the fourth afternoon, and a special performance at the Opera House for the evening of the last day. These are only a few of the major points of an entertainment programme which provides for minor enjoyments every day and which cares for the visiting ladies so that they shall have no dull hours.

Supervising the arrangements is the following executive committee: T. P. Beal, chairman, president Second National Bank; A. L. Ripley, vice-president Merchants National Bank; W. A. Gaston, president National Shawmut Bank; D. G. Wing, president First National Bank; Philip Stockton, President Old Colony Trust Company; Allen Forbes, president State Street Trust Company; W. R. Evans, president Boston Five Cents Savings Bank, and H. L. Ayer, secretary, with offices in the First National Bank Building.

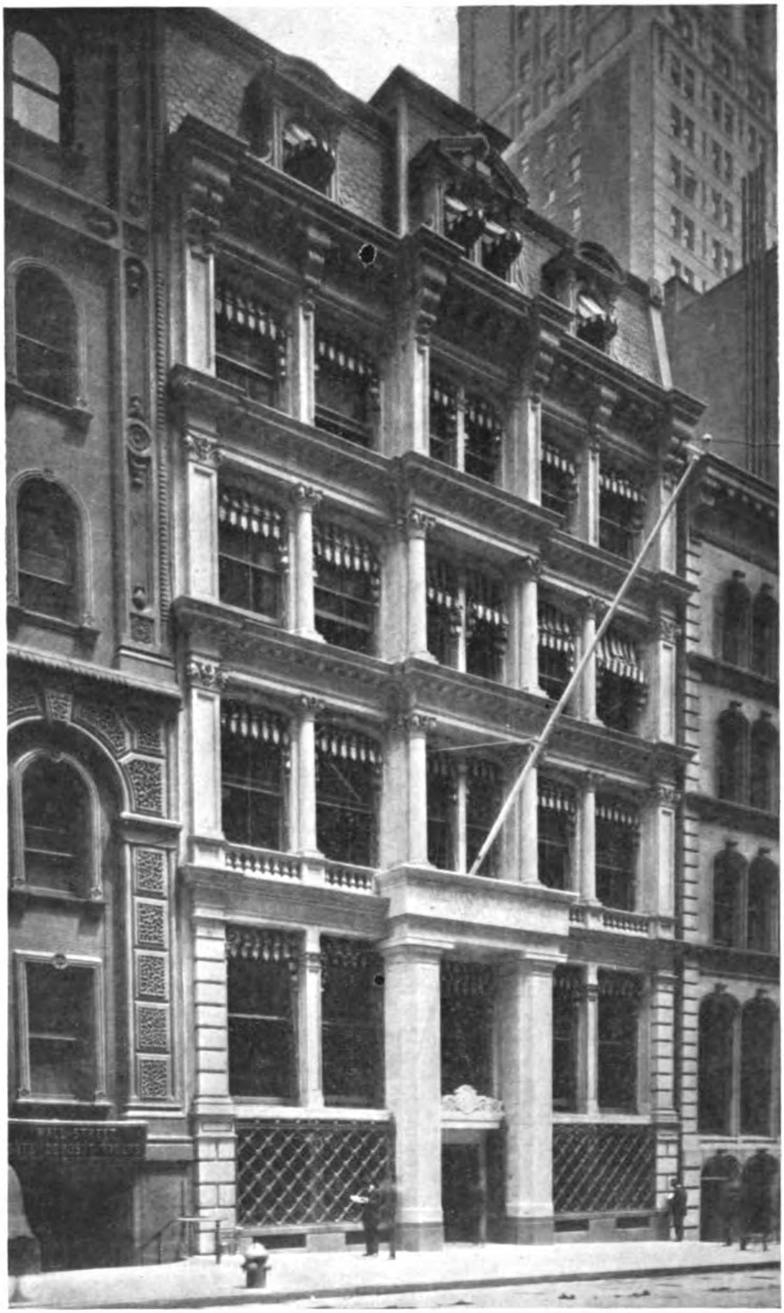
Proposed Anglo-American Peace Exhibition

THE project of an Anglo-American exhibition to be held at Shepherds Bush, London, in 1914 in celebration of a century of Anglo-American peace took definite shape recently at the meeting of the General Committee, under the Presidency of the Lord Mayor of London and attended by several peers and many members of Parliament.

A resolution adopting the scheme was passed with enthusiasm. The Lord Mayor said that he would do his utmost to promote the success of the undertaking. The exhibition will demonstrate in a practical manner the progress made by the British and American people in every branch of civilization during the century, and will put on view in chronological order the great achievement of that epoch showing where both nations have worked hand in hand to perfect the creations of the other. It will unfold, he said, the treasures of a hundred years of British and American art, a hundred years of the history of the two nations, their famous statesmen, authors, artists, inventors, philanthropists, financiers, merchants, manufacturers, etc.

The Lord Mayor said that he need hardly remind those present that Great Britain was the largest customer of the United States, and the United States about the largest of Great Britain's customers; but that the greatest point was the friendship and kinship uniting the two countries, which, he believed, the exhibition would do much to strengthen and improve.

Those at the meeting decided that all the profits derived from the exhibition should be devoted to some public cause of national utility to Great Britain.



50 WALL STREET, NEW YORK

New Home of the Mechanics and Metals National Bank, New York

AN accompanying illustration shows the new location of the Mechanics and Metals National Bank, 50 Wall street, New York. This building is in the center of the financial district and adjoins the venerable Bank of New York.

The Mechanics and Metals National Bank removed from its former location adjoining the Drexel Building because that building was to be torn down to make room for the new structure being put up by the banking house of Messrs. J. P. Morgan and Company.

Substantial improvements were made in the exterior of the Mechanics and Metals' new home and the interior was thoroughly overhauled and remodelled, and its arrangement and equipment throughout are in accordance with modern requirements and the needs of this large and growing bank.

As may be seen from the statement herewith, the Mechanics and Metals National Bank ranks among the large financial institutions of New York.

Report of condition of the Mechanics and Metals National Bank of the City of New York at the close of business April 4, 1913:

RESOURCES.

Bills discounted and purchased		$24,277,722.43
Time loans—collateral		5,707,651.01
Overdrafts—secured and unsecured		10,519.85
United States bonds		3,000,000.00
Banking-house		3,478,430.18
Cash Resources:		
Due from banks	$3,622,592.31	
Demand loans	15,933,369.05	
Marketable bonds	6,000,030.30	
Cash and exchanges	27,204,650.46	
Due from U. S. Treasurer	260,000.00	53,020,642.12
		$89,494,965.59

LIABILITIES.

Capital stock, paid in		$6,000,000.00
Surplus fund		6,000,000.00
Undivided profits		2,853,182.65
National bank notes outstanding		2,942,800.00
Dividends unpaid		2,211.75
Reserved for taxes		37,651.54
Deposits:		
Individual	$42,764,740.81	
Banks	28,894,378.84	71,659,119.65
		$89,494,965.59

The officers of this bank are: President, Gates W. McGarrah; vice-presidents, Alexander E. Orr, Nicholas F. Palmer, Frederic W. Allen, Frank O. Roe and Walter F. Albertsen; cashier, Joseph S. House; assistant cashiers, Robert U. Graff, John Robinson and Charles E. Miller.

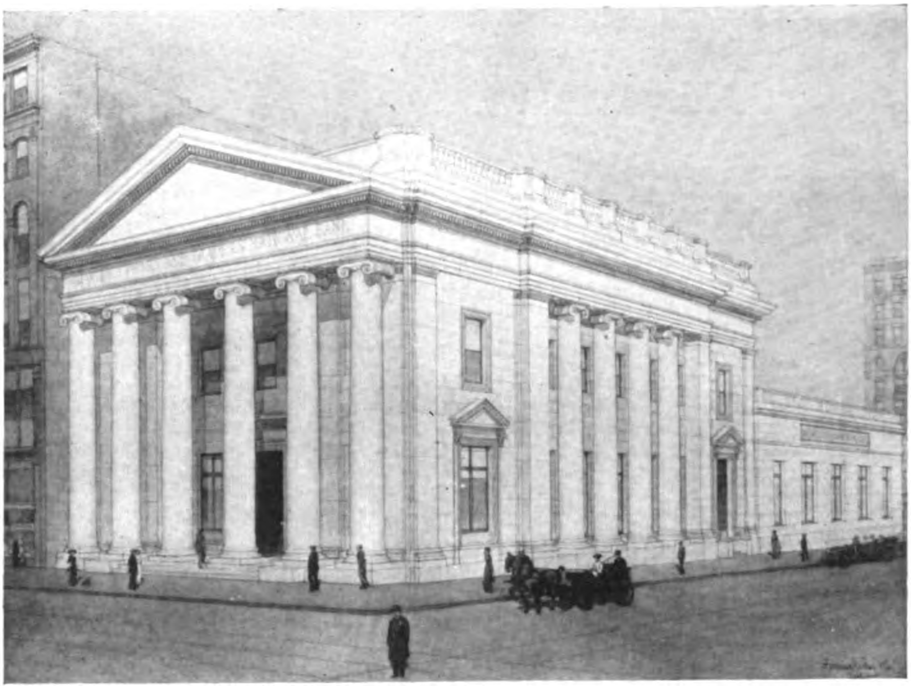
Its board of directors is an exceedingly strong one, as may be seen below:

Frederick W. Allen, vice-president; James M. Beck, former assistant U. S. Attorney General; James C. Bishop, Redmond & Company; Charles F. Brooker, president American Brass Company; Daniel Barnes, president Seaman's Bank for Savings; William E. Corey, New York; W. R. Craig, Craig & Jenks, cotton commission merchants; Otis H. Cutler, president American Brake Shoe and Foundry Company; Stanley Field, Marshall Field & Company, Chicago; H. O. Havemeyer, president Brooklyn Eastern District Terminal; H. H. Hewitt, president Magnus Metal Company; Henry Hentz, Henry Hentz & Company; Thomas H. Hubbard, chairman of the board of directors International Banking Corporation; William A. Jamison, Arbuckle Bros.; Clarence H. Kelsey, president Title Guarantee & Trust Company; Adolph Lewisohn, Adolph Lewisohn & Sons; Lowell Lincoln, Catlin & Company; Gates W. McGarrah, president; V. Everit Macy, New York; Henry R. Mallory, president Mallory Steamship Company; Edgar L. Marston, Blair & Company; S. T. Morgan, president Virginia Carolina Chemical Company; Alexander E. Orr, New York; William A. Paine, president Copper Range Consolidated Company; Robert C. Pruyn, chairman of the board of directors National Commercial Bank, Albany, N. Y.; Nicholas F. Palmer, president Quintard Iron Works; Charles M. Pratt, Standard Oil Company; Henry H. Rogers, director Amalgamated Copper Company; F. W. Roebling, treasurer J. A. Roebling Sons' Company; P. A. Rockefeller, 26 Broadway; John D. Ryan, president Amalgamated Copper Company; Charles H. Sabin, vice-president Guaranty Trust Company; Charles S. Sargent, Jr., Kidder, Peabody & Company; George R. Sheldon, W. C. Sheldon & Company; B. F. Yoakum, chairman of executive committee St. Louis and San Francisco Railroad Company.

Manufacturers and Traders National Bank, Buffalo, N. Y.

WORK has already begun on the new Manufacturers and Traders National Bank Building, Buffalo, N. Y., and when completed—as may be seen from the accompanying illustration—this will be one of the exceptionally fine bank structures of the country. Its proportions are tasteful and commodious, and the principal material throughout will be marble of excellent quality. An idea of the spacious interior may be had from the fact that the main banking room will be 100 feet long, seventy feet wide, and with the ceiling fifty-seven feet above the floor. In the arrangement of the various departments and rooms, the lighting, heating, ventilating and general equipment the building will embody the latest examples of banking architecture and furnishing.

The present home of the Manufacturers



MANUFACTURERS AND TRADERS NATIONAL BANK, BUFFALO, N. Y.—BUILDING NOW UNDER CONSTRUCTION

(Illustration by courtesy of "Buffalo Express.")

and Traders National Bank has been occupied only about fourteen years, but the growth of the bank—resources have increased from $8,000,000 to $25,000,000 in the last twelve years—called for a more suitable building, and it was decided to erect a structure that would not only adequately meet the bank's needs but would be an architectural ornament to the city.

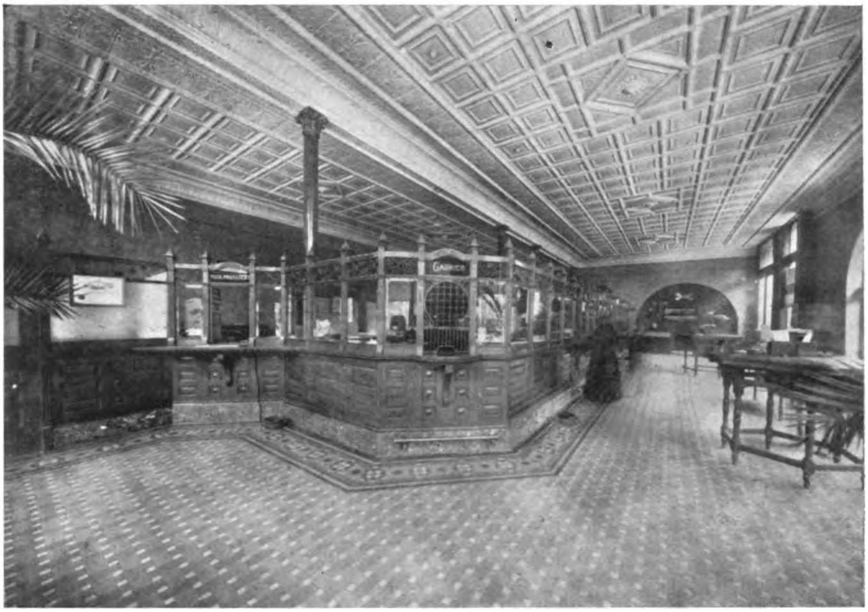
For more than fifty years the Manufacturers and Traders National Bank has been one of the solid and progressive banks of Buffalo, and the new building well typifies the institution's successful history.

It is expected that the new home of the bank will be finished in about one year. President Robert L. Fryer, vice-president Franklin D. Locke, Cashier Harry T. Ramsdell and the other officers and directors of the Manufacturers and Traders National Bank are to be congratulated on the spirit of judicious progress evidenced by this massive and beautiful structure.

First National Bank, Albuquerque, New Mexico

As one of the oldest banks and the one having the largest business, the First National Bank of Albuquerque would be justified in claiming a preëminent place among the banks of New Mexico. But the bank need make no claims of any sort, for its record speaks for itself. With $300,000 capital, $127,000 surplus and profits, $4,400,000 deposits and $5,179,711.38 total resources on February 4 last, it will be seen that this is an institution of both size and strength. Its official staff, too, comprises names long and favorably known in the banking history of New Mexico.

It has been the especial aim of those identified with the bank's management to aid in the building up of their city and in the development of the surrounding country



FIRST NATIONAL BANK OF ALBUQUERQUE, NEW MEXICO

and to call the attention of the outside world to the many advantages offered by Albuquerque and its territory. Prominent among these advantages are large tracts of fertile irrigable lands that are watered by the Rio Grande and a climate remarkable for its exhilarating qualities and the large proportion of sunny days in each year.

Although one of the oldest-settled communities of the United States, New Mexico is still a new country awaiting development and containing rich and varied natural resources. But the new State is developing rapidly, and the First National Bank of Albuquerque is energetic in promoting the interests of its section and gladly answers inquiries about prospects for agriculture, manufacturing and mercantile business.

The First National is a designated United States depositary. It has been the steady purpose of the officers to maintain the bank's well-earned reputation for safe and careful management. An idea of the position of the bank is afforded by its official statement of February 4, 1913:

RESOURCES.

Loans and discounts		$3,073,947.30
Overdrafts		none
Bonds, securities, etc.		81,524.85
Banking-house and furniture		49,000.00
United States bonds	$442,500.00	
Cash and exchange	1,532,739.23	1,975,239.23
Total		$5,179,711.38

LIABILITIES.

Capital	$300,000.00
Surplus and profits	127,575.39
Circulation	300,000.00
Deposits	4,452,135.99
Total	$5,179,711.38

The officers are: President, Joshua S. Raynolds; vice-presidents, M. W. Flournoy and W. S. Strickler; cashier, Frank McKee; assistant cashiers, R. A. Frost, H. S. Pickard and R. M. Merritt.

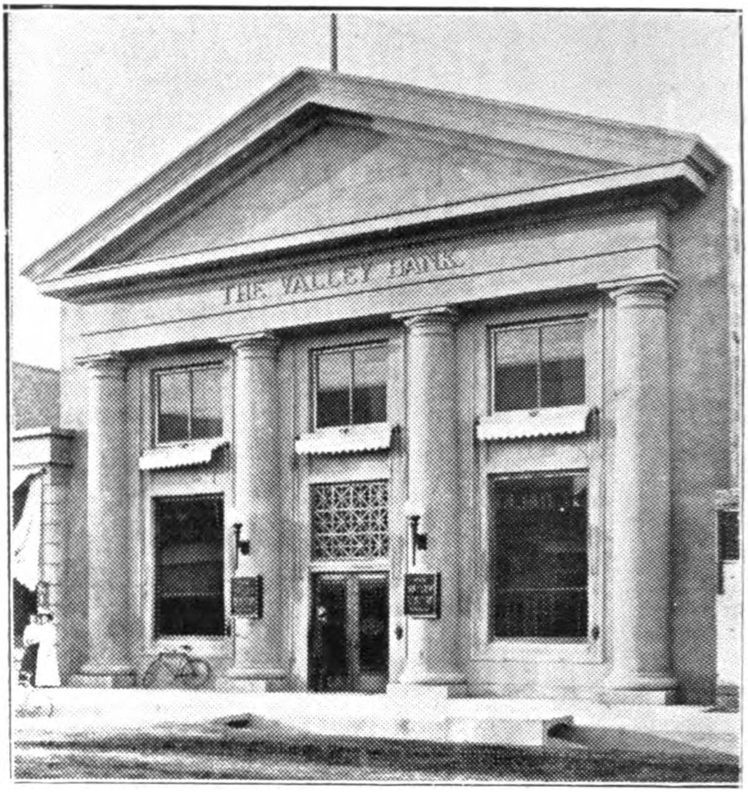
The Valley Bank of Phoenix, Arizona

FROM its establishment in 1883 this bank has grown continuously, until it is now the largest bank in the State of Arizona, and it also has the distinction of occupying the only building in Phœnix exclusively devoted to banking.

The following figures, showing deposits on the dates named, illustrate the Valley Bank's growth:

Sept. 19, 1907	$571,000.00
Sept. 19, 1910	1,550,000.00
Sept., 1911	2,199,000.00
Feb. 4, 1913	2,890,000.00
April 4, 1913	3,093,873.24

Gains of this kind clearly indicate confi-



THE VALLEY BANK, PHOENIX, ARIZONA

dence in the bank's management and further show that the institution is meeting the banking needs of its community.

But the management have not been content with a gain in deposits only, gratifying as that gain has been. They have complied with the requirements of prudent banking by each year making a substantial addition to surplus out of the undivided profits.

A popular and successful feature of the bank is its savings department, which now has over $750,000 deposits. To cultivate habits of thrift among the children, the Valley Bank has recently started a system of school savings banks in the public schools of Phoenix, the movement being heartily supported

E. J. BENNITT

PRESIDENT VALLEY BANK, PHOENIX, ARIZONA

LLOYD B. CHRISTY

VICE-PRESIDENT AND CASHIER THE VALLEY BANK, PHOENIX, ARIZONA

by the parents of the pupils and by the school board.

Officers of the Bank.

The present officers of the bank are: E. J. Bennitt, president; John M. Ormsby, vice-president; Lloyd B. Christy, vice-president and cashier; S. H. Stewart, Lebbeus Chapman and George A. Mauk, assistant cashiers, and P. T. Slayback, auditor.

E. J. Bennitt, the president, was one of the incorporators of the bank. He started as an assistant cashier when the bank was organized.

Lloyd B. Christy, vice-president and cashier and also manager of the bank, is now serving his second term as mayor of Phœnix.

These gentlemen are actively interested in the development of their State and the upbuilding of their city and are always glad to answer inquiries from those seeking business locations.

BOOK REVIEWS

Regulation, Valuation and Depreciation of Public Utilities. By Samuel S. Wyer, M. E. Columbus, Ohio: The Sears and Simpson Co. (Price, postpaid, $5.)

This is a scientific consideration of various factors relating to public utilities, and is a valuable book for all who are interested in securities based on railways, water works, gas and electric properties, etc. It is evident that the author has bestowed great care and labor on the preparation of this volume, and a treatise of real worth is the result.

Handbook of the Law of Banks and Banking. By Francis B. Tiffany. St. Paul, Minn.: West Publishing Co. (Price, postpaid, $3.75.)

An idea of the scope of this treatise may be had from the author's preface where it is stated—"The object of this book is to present the law of the subject in brief compass. * * * The fundamental part of the law of banks and banking relates to the various transactions between banks and bankers and those dealing with them. The author has not entered upon the field of corporation law, except so far as the law of banking corporations seemed to require special discussion, and he has not dealt with the varying statutory provisions of the different States respecting banking corporations; but he has endeavored to cover the field of national banks and the National Bank Act so far as it is affected by the decisions."

Within this scope the volume is an admirable and comprehensive treatise on banking law. Its lateness alone gives it especial value.

Bunker Bean. By Harry Leon Wilson. New York—Doubleday, Page & Co. (Price $1.25.)

Though merely a good stenographer, Bunker Bean believed himself to be a reincarnation of great personages and was thus able to frustrate the designs of some big business men who wanted to gain possession of certain shares of stock which he held. The story is advertised as "supremely laughable" and "the cleverest satire on big business ever written."

Mutual Savings Banks Exempt from Income Tax

As a result of action taken by the Federal Legislative Committee of the American Bankers' Association, an amendment has been inserted in the income tax bill which exempts mutual savings banks from the provisions of the proposed laws.

FOREIGN BANKING AND FINANCE

European

EXPANSION IN GREAT BRITAIN'S FOREIGN TRADE

REVIEWING the recent growth of Great Britain's foreign trade, "The Statist" (London) says:

We are selling more goods abroad and deriving a much greater income than ever before from our foreign trade, and our people are enjoying full employment at good wages. It is, indeed, difficult to realize the vastness of our foreign trade at the present time. Ten years ago the value of our exports was under £289,000,000, and for the past twelve months it has reached £506,000,000, an expansion of £217,000,000 or seventy-five per cent. in a single decade. It must not be supposed that this great expansion has been mainly due to the rise in prices. While the value of our export trade has increased seventy-five per cent. in the last ten years the quantity of goods exported has increased over fifty per cent. If we go back to 1900 the comparison is still more striking. In the last twelve years there has been a growth in the value of our exports of about seventy per cent., and an expansion in quantity of sixty-seven per cent., a greater expansion, both actually and relatively, than has ever occurred before.

The object of exports is, of course, the purchase of the food, raw materials, and other goods we desire to buy from other countries, and the growth in imports has been nearly in proportion to the growth in exports. In the twelve months to April 1903 the value of our net imports was £459,000,000, and in the past twelve months it has been £644,000,000, an increase of £185,000,000, or forty per cent. Had we received payment for the goods we sent abroad in the past twelve months, for the interest that is due to us, for the services of our shipping, and for the services of our bankers, brokers, etc., we should have been entitled to receive not £644,000,000 of produce for consumption, but over £800,000,-

000, against under £500,000,000 ten years ago. In other words, our power to purchase foreign goods has increased about £300,000,000, or sixty per cent., in the past decade. This means that were anything to occur to render the British people less willing to sell goods to other countries on credit we should experience no diminution in the quantity of goods we should receive from abroad. Indeed, we should probably witness expansion in the quantity of our imports, though not in value.

Look at the matter in whatever way one will, the immense expansion in the foreign trade of this country in the last ten years is a matter which fills us with confidence in the future. In spite of tariffs and all the artificial hindrances to international trade that have existed, the British people have enormously increased their foreign trade in the last ten years. Other countries are now realizing that tariffs are a hindrance to their prosperity, and are showing a disposition to reduce them. Therefore we can look forward with increased confidence to ability to sell all the goods we wish to dispose of in the coming years and to purchase in exchange the food and the raw material we need to maintain our increasing population. It should be realized that the business conditions of the world to-day are entirely different from what they were ten or twenty years ago. Great inventions have enabled the people of nearly every country largely to increase their wealth production per head, as these new inventions have increased the productivity of industries of all kinds and descriptions—agricultural, mineral, and manufacturing. The large increase in the output per head means a corresponding increase in consuming power per head. Moreover, there are no signs that new inventions have yet come to an end. On the contrary, in every country men are striving to create new ideas which will render production, transportation, and distribution still more economical, and a further great increase in pro-

ductive power per head may be anticipated. As productive power increases and consuming power shows corresponding expansion there cannot fail to be an immense growth both in national and in international trade.

It is quite possible that the value of the export trade of this country will show a decline from its present high level when the great works now under construction in various parts of the world are completed. But it is evident that the quantity of goods which this country will be able to import and to pay for will show no diminution, but will steadily, indeed, rapidly increase from period to period. Were the existing activity of trade to give way to a temporary period of depression all that would happen as far as this country is concerned is that we should sell fewer goods on credit, and would receive a greatly increased quantity of goods in payment of the interest on the vast amounts of capital with which we have provided other countries in the past, so that our consuming power would be unaffected. If it be considered that the income which this country derives from other lands from interest on capital—capital which has been sent out in British goods—is about £200,000,000 a year, that this income must come to us in periods of depression as well as of activity, and that in periods of depression the prices of commodities in which it will be remitted will be low, it will be realized that as far as the British people are concerned they have not much to fear from a period of trade reaction.

During the nineties, when the world was in a condition of severe depression, this country enjoyed great prosperity owing to the low prices at which other nations had to send goods to us in exchange for British goods, and in payment for interest on British capital employed abroad and for British services. The enormous amount of new capital we have embarked in the last six or seven years, and the great addition to the British mercantile marine will ensure to this country a very large income during any temporary period of depression, accompanied by lower prices of commodities.

The vast growth of our foreign trade since 1903 will be apparent from the following contrast.

FOREIGN TRADE OF UNITED KINGDOM IN MILLIONS OF POUNDS.

Twelve Months to April 30.	Exports. £	Imports. £	Less Re-exports. £	Net Imports. £	Excess of Imports. £
1913......	506	756	112	644	138
1908......	420	626	83	543	123
1903......	289	527	68	459	170
Inc. or Dec.					
10 years.	+217	+229	+44	+185	—32
Do. %..	+74.8	+43.4	+64.7	+40.2	—18.8

AMERICAN SECURITIES—FRENCH BANK SHARES.

THE new issues of American origin which were introduced on the Paris Bourse during the year included 153,500 shares of the six per cent. preferred stock of the American Smelters Securities Company, which have been admitted to the official market, and 100,000 bonds Missouri, Oklahoma & Gulf Railway Company five per cent., which are quoted on the "Coulisse," or outside (curb) market.

The total issues of new securities placed on the French market during 1912 amounted to 4,628,000,000 francs ($893,004,000), as compared with 4,475,000,000 ($863,675,000) in 1911 and 6,041,00,000 ($1,165,913,000) in

1910. The transactions of 1912 included 2,201,000,000 francs of French and 2,424,000,000 francs of foreign securities.

The values of French bank shares were more or less seriously disturbed by the Balkan war, but recovered gradually toward the end of the year as the prospect of general European complications became less acute, and December closed with a satisfactory advance. A comparison of the stocks of leading French banking institutions at the end of the past three years shows the following quotations for shares having a face value of 500 francs:

Banks.	1910.	1911.	1912.
		Francs	
Bank of France	4,510	4,215	4,230
Credit Foncier	853	810	822
Credit Lyonnais	1,585	1,535	1,492
Societe Generale	750	820	817
Banque de Paris	1,860	1,780	1,721
Franco-American Bank	490	505	522
Comp. Nat. d'Escompte	941	950	1,002

BRITISH PUBLIC TRUSTEE.

THE report of the Public Trustee, says the London "Economist," is only the fifth of the series, but it shows that during the short time the act has been in force public appreciation of the advantages offered by resorting to this useful official has rapidly extended. This is apparent from the return of business transacted by the office since 1908, which amounts to 4,357 cases, representing a value of nearly thirty-six million pounds. Of these, 1,050 cases, representing 8 2-3 millions, came under the review of the department in 1911-12 and 1,364 cases, representing twelve millions, in 1912-13. The new business of the department has thus increased about thirty per cent. in quantity and about forty-two per cent. in value. While these figures point to a very remarkable expansion in the public utility of the office, the fact that the average value of estates coming under review has increased and not diminished indicates that it is the well-to-do rather than the poor who are taking fullest advantage of the act.

NEW BANK IN ITALIAN ERITREA.

THE Banca d'Italia of Rome, Italy, intends to open a branch house at Asmara, Massowah (capital of Italy's East African colony of Eritrea), within the next few months. Special regulations governing the working and scope of this branch are now being prepared. It is stated that in addition to the ordinary banking business, this branch will represent the Royal Italian Treasury for the account of the State.

CREDIT FONCIER.

A SUMMARY of the annual report of the Crédit Foncier de France is presented in a recent number of "The Economist" of London.

The year 1912 was very good, and

net profits exceeded 15,960,000f, being an increase of 2,800,000f on the preceding year. During 1912 the Crédit Foncier made 8,200 mortgage loans to individuals, amounting to over 235,000,000f. Of the loans over 7,900 were for long terms, the amount of money lent being 232,000,000f. The increase in mortgage loans, compared with 1911, was over forty-eight millions. The amount of repayments is generally seventy-five millions per annum. The present rate of interest demanded is 4½ per cent. Since its foundation the Crédit Foncier has made 175,000 loans amounting to 6,382,000,000f, and of this it has recovered over 4,000,000,000f. The Crédit Foncier also lends money to the Communes; and the total amount so lent was 317,500,000f in 1912. This figure is 166,000,000f more than in the preceding year. Local bodies, in fact, are getting more and more into the habit of borrowing money. Last year, however, the Crédit Foncier lent 100,000,000f in one sum to the City of Paris, and 72,000,000f to Tunis. These loans have hitherto been made at four per cent., but now the rate charged is 4.15 per cent. The Crédit Foncier is very active in Algiers and Tunis. Since its foundation it has lent 162,500,000f in mortgage loans, and 248,500,000f in loans to public bodies in these two countries.

NEW GOVERNOR OF THE BANK OF ENGLAND.

ON April 15, A. Clayton Cole vacated the governorship of the Bank of England after two years' occupancy, the seat being taken by Walter Cunliffe, the late deputy governor, he being succeeded by Robert Lydston Newman.

Mr. Cunliffe is the head of the firm of Cunliffe Brothers, merchants, and like his predecessor, Mr. Cole, he brings to his duties as governor an intimate knowledge of the affairs of the money market.

The retiring governor has been very popular among the banking fraternity during his two years of office, and one of the features of his governorship has been the establishment of closer and more friendly relations between the Bank of England and the joint stock banks.

BANK OF FRANCE'S SERVICE TO SMALL TRADERS.

REVIEWING the last annual report of the Bank of France, "The Statist" of London says:

Discounts for the year amounted to £766,701,884, showing an increase over the preceding year of £100,771,396, or 15.2 per cent. The maximum was on March 23, £87,516,000; the minimum on August 20, £40,832,000; and the average was £53,308,000. In Paris

the number of bills discounted during the year was 8,909,909. Of these 247,735 were of a value ranging from 4s to 8s of our money, 2,342,999 were of a value ranging from 8s to £2, 1,713,823 ranged in value from £2 to £4, and 4,605,352 exceeded £4 in value. The bills not exceeding £4 in value practically amounted to half the total, their proportion exceeding forty-eight per cent. We have often called attention to the magnitude of the business which the Bank of France does in discounting very small bills, and we have remarked upon the immense service it renders to the small trader and the small agriculturist. In fact, it is impossible to overestimate the service thus rendered.

BANK OF MONTREAL.

A NEW branch of this bank was recently opened in London at 9 and 10 Waterloo Place, with E. B. Stewart as manager.

CAPITAL ISSUES IN GERMANY.

GERMAN capital issues declined during the first three months of 1913 for the first time in many years, the amount being $54,000,000. The totals for the same quarter in the years 1908 to 1912, inclusive, were progressively $61,000,000, $72,000,000, $69,000,000, $79,000,000, and $105,000,000.

BIG BANKS OF EUROPE.

THE London "Statist" gives the following list showing the relative rank and standing of the principal banks of the United Kingdom at the close of 1912:

	Deposits.	Branches.
Lloyds	£89,396,993	648
London County & Westminster	84,352,963	351
London City and Midland	83,664,327	750
Bank of England	67,146,708	12
National Provincial	65,660,220	404
Barclay & Co.	57,030,573	560
Parr's	42,596,972	274
Union of London & Smiths	40,654,240	214
Capital and Counties	39,492,593	473
London Joint Stock	33,871,097	290
Manchester and Liverpool District	25,070,072	203
Bank of Scotland (Feb. 28, 1913)	20,484,262	166
London & South-Western	20,209,651	195
Bank of Liverpool	20,044,330	139
Yorkshire Penny Bank	19,369,293	14
London and Provincial	18,321,698	328
Commercial of Scotland (Oct. 31, 1912)	16,505,540	169
Williams Deacon's	16,425,789	110
Glyn, Mills, Currie & Co.	16,112,648	1
Royal of Scotland (Oct. 14, 1912)	16,109,317	163
National of Scotland (Nov. 1, 1912)	16,068,989	124
Bank of Ireland	14,758,329	104
Clydesdale	14,708,030	148
Union of Scotland (April 1, 1912)	14,644,717	163
United Counties	14,180,033	204
British Linen (Jan. 14, 1913)	13,718,091	148
National (Ireland)	13,699,652	138
Wilts and Dorset	12,618,242	181
Lancashire and Yorkshire	11,119,398	129
Metropolitan (of England and Wales)	10,899,972	162
Manchester and County	10,701,060	109
Ulster (Aug. 31, 1912)	9,126,289	164
Coutts & Co. (Jan. 18, 1913)	9,003,403	1
Baring Bros. & Co.	8,693,647	1
North of Scotland and Town and County (Jan. 1, 1913)	7,884,326	146
Beckett's	6,369,163	34
Blydenstein & Co.	6,137,280	1
Belfast (July 31, 1912)	6,131,850	79
Munster & Leinster	6,119,058	84
Provincial of Ireland	6,031,978	86
Union of Manchester	6,009,553	89
West Yorkshire	5,878,191	33
Crompton & Evans' Union	5,782,127	48
Northern (Ireland) (Aug. 31, 1912)	5,384,475	106

THE DEUTSCHE BANK.

THE forty-third annual report of the Deutsche Bank of Germany, headquarters Berlin, shows a capital of $47,619,048, reserve of $26,190,476; deposits, $374,631,257, and assets of $538,086,775. The profits for 1912 are set down as $8,178,153.

Australasian

A YEAR OF PROGRESS IN AUSTRALIA.

THE Australian Commonwealth, says American Vice-Consul E. Verne Richardson of Sydney, during 1912 rose to a higher plane of material prosperity than ever previously reached, in so far as individual interests were concerned. A continent relying upon its pastoral resources for the greater portion of its revenues, Australia is peculiarly dependent upon weather conditions. This is emphasized by the fact that there are no constant rivers snow-fed from mountain ranges. The interior is a vast plain, much of it a desert, and it is therefore to the actual rainfall that the pastoralist must look for guarantees against heavy loss to flocks and herds, and the agriculturist for full harvest of his crops. In 1912, save in a few districts, no serious drought occurred. The grain yield was satisfactory, and likewise the wool clip; the latter chiefly because of higher prices.

Marked progress was recorded in general business. The total trade of the Commonwealth (including re-exports and specie and bullion) amounted to $763,837,319, an increase of $51,139,631 over 1911. The total in 1912 was made up of $380,062,019 imports, a gain of $54,164,739, and of exports $383,775,300, a decrease of $3,025,108. Taking into account only imports of merchandise and exports of Australian produce the total trade in 1912 amounted to $741,075,438, an increase of $53,910,470. Of this trade in 1912, imports of merchandise amounted to $371,825,463, an increase of $55,513,149, and exports of Australian produce to $369,249,975, a decrease of $1,602,679.

VICTORIAN SAVINGS BANK'S BUSINESS.

THE commissioners of the State Savings Bank of Victoria are very definite in the statement that there is no intention to give any consideration to the proposals of the Commonwealth Savings Bank to take over the business.

The depositors in the 112 branches and 328 agencies of the State Savings Bank of Victoria have shown their appreciation in a very substantial manner during the last six months, as the amount of deposits has increased in that period by £600,000; and as the income from interest on investments for the half-year would be at least £300,000, the total funds, which amounted to £20,165,000 at June 30 last, now exceed £21,000,000.

Depositors in the State Savings Bank are reminded that they can operate on their accounts in any State of the Commonwealth, and also in any part of the United Kingdom.

The State Savings Bank in Tasmania has been absorbed by the Commonwealth Bank, but the trustee savings banks in Hobart and Launceston are remaining as State institutions; depositors from other States can transact business with them, and arrangements are being made for all the trading banks to act as agents for the State Savings Bank of Victoria in all other parts of Tasmania.

Asiatic

INDUSTRIAL BANK OF CHINA.

REPORTS state that a Pekin syndicate has subscribed 5,000,000 francs of the capital of the Industrial Bank of China, the promoting syndi-

cate another 5,000,000 and that subscriptions to the amount of 20,000,000 francs have been underwritten.

The board of directors of the bank will reside in Paris with a general committee of direction at Pekin.

YOKOHAMA SPECIE BANK.

AT the half-yearly ordinary general meeting of this bank, held at the head office, Yokohama, March 10, the sixty-sixth report was presented to the shareholders.

The gross profits of the bank for the past half-year, including 1,198,759 yen brought forward from last account, were 15,829,900 yen. After paying a dividend at the rate of twelve per cent. per annum, 350,000 was added to the reserve fund; and deducting sundry other allocations, 1,219,061 yen was carried forward to credit of next account.

Latin-America

NATIONAL BANK FOR PANAMA.

AUTHORITY has been given to the President of Panama to contract with an individual or with a corporation for the establishment of a national bank to be known as the Banco de Panama.

The capital stock must be at least $1,000,000. The bank may open for business after fifty per cent. of its capital has been paid in, but the remainder must be paid within six months afterwards. The President is empowered to permit the bank to begin business with a paid-up capital of twenty-five per cent. of the whole, and to extend the time for paying in the remainder to one year.

Authority to issue bank notes is to be given. These must be payable to bearer, must not exceed in amount the paid up capital, and no issue can be made unless a gold reserve, coined in the United States, equal to thirty-three per cent. of such sums as the bank may have in circulation is maintained. The notes are not to be legal tender for private individuals, but will be in the payment of taxes, imposts and duties.

The bank may have a mortgage section to make loans on property for terms up to twenty years at an annual rate of interest not to exceed nine per cent. The bank must not place out on mortgages more than thirty per cent. of the amount represented by its deposits.

BANKING AT CIENFUEGOS, CUBA.

AN item in the "Daily Consular and Trade Reports" says that Cienfuegos has branches of the National Bank of Cuba, the Royal Bank of Canada, the Bank of Nova Scotia, and the Bank of Spain, besides five private banks, among them one of the most important in the Republic, that of

Senor Nicolas Castaño. The latter bank has at all times a gold reserve of more than $3,000,000.

The money deposited in the various banks exceeds $5,000,000. In 1912 about $15,000,000 exchange on the United States and the principal money markets in the world was sold. Mortgages on city property in existence now amount to $900,000, with an interest rate of six to twelve per cent. per year and the valuation of city property is estimated at nearly $23,000,000. Cienfuegos counts among its residents about eight millionaires and thirty others whose capital exceeds $100,000, while there are scores worth from $20,000 to $50,000.

NEW BRANCH BANK.

A BRANCH of the Peninsular Bank of Mexico has been opened in the port of Ciudad del Carmen, State of Campeche.

NATIONAL BANK OF MEXICO.

THIS institution has lately issued a pamphlet giving the charges for the collection of drafts on various cities in Mexico.

NEW BANK IN HONDURAS.

FROM New Orleans comes word of a new bank at Ceiba, Honduras, the Banco Atlantida, which has opened with capital of $250,000 paid in.

NEW BRANCHES.

THE National Bank of Cuba has opened new branches in the sugar districts of the island at Encrucijada, Remedios, Jovellanos, and Guanajay; also one in Havana, at 88 Muralla, making thirty-five branches now in all.

Frederick B. Schenck

THE late Frederick B. Schenck—at the time of his death chairman of the board of the Liberty National Bank, New York—ranked among the country's most successful and conservative bankers. He was for some time president of the Mercantile National Bank of New York, an institution which under his management maintained the highest reputation. In January, 1907, Mr. Schenck became president of the Liberty National Bank of New York, holding that position until a short time ago, when he became chairman of the board. His direction of this bank's affairs was marked by solid growth and prosperity.

FREDERICK B. SCHENCK
BORN IN NEW YORK CITY, JUNE 9, 1851; DIED AT ENGLEWOOD, N. J., MAY 21, 1913

Mr. Schenck is survived by a daughter, Miss Dorothy De Saussure Schenck; two sisters, Matilda B. and Aletta Van Wyck, and three brothers, Henry A. Schenck, president of the Bowery Savings Bank; Edwin S. Schenck, president of the Citizens Central National Bank, and Charles N. Schenck, cashier of the Goelet Estate.

European War Burdens

FULLY to appreciate the weight of the burden which the great nations of Europe are assuming, says the New York "Journal of Commerce and Commercial Bulletin," the fact should be recalled that the cost of the German army and navy has risen from a total of $203,500,000 in 1900 to nearly double that amount to-day. To put the case in another way, between 1900 and 1912 Germany's military expenditures increased by 45½ per cent., while during the same period her naval expenditure was trebled. That the leading characteristic of the Twentieth Century has been an enormous expansion in the armaments of the principal nations is sufficiently plain from the following figures: The eight great powers—Germany, Austria-Hungary, Italy, France, Russia, Great Britain, the United States and Japan—had in 1900 a total military expenditure of $986,500,000 which by 1912 had increased to $1,239,500,000. During the same period the naval expenditure of these eight powers increased from $486,000,000 to $768,500,000. In other words, there was an increase in the military expenditure of $303,000,000, or 32½ per cent., while naval expenditure had increased $332,500,000, or seventy-five per cent. The combined increase of naval and military expenditure between 1900 and 1912 was $635,000,000, or 45½ per cent. But in this interval the population of the eight great powers enumerated has increased only by about fifteen per cent., while their combined expenditure on armament has grown three times as rapidly. During 1912 the eight great powers for which figures have been given spent all together the colossal sum of $2,005,000,000 on their armies and navies. If to this sum be added the military expenditure of the smaller powers, it will be found that last year about $2,500,000,000 was spent on armaments. As a matter of fact, the cost of armed peace was considerably more than this, for, as Mr. J. Ellis Barker points out, all great European States, Great Britain alone excepted, compel the able-bodied youth of the country to abandon their occupation and to serve in the army and navy. Four million men are constantly kept under arms in Europe. Thus if we estimate the economic loss caused by diminished production and abandoned study only at $5 per soldier per week, or at $250 per soldier per year, we find that the nations lost in 1912 $1,000,000,000, in addition to the $2,500,000,000 spent by the taxpayers.

Savings Bank Insurance Succeeding

THE Massachusett savings bank life insurance system, established in 1907, is proving successful. This insurance is being furnished at low cost through the elimination of the paid solicitor and the house-to-house collector of weekly payments; the elimination of the dividends paid to the stockholders of the "industrial life" companies; the elimination in the main of the actuarial and incidental expenses. The company has a State actuary who furnishes the actuarial service and the State medical director supervises the medical work without charge to the bank. The low cost is also aided by utilizing the high net earning capacity of the savings banks for investing funds and their long record of small expenses of management, and by the substitution of unpaid agencies for the paid solicitor and collector.

There are now more than 7,400 policies in force, representing nearly $8,000,000 of insurance.

BANKING AND FINANCIAL NOTES

EASTERN STATES

New York City

—Webb Floyd, the new president of the Mutual Alliance Trust Company, got his early banking education in that well-known bankers' school—the Fifth Avenue Bank, which has graduated many of the city's prominent and successful bank men. After some service with the New York Security and Trust Company, he was elected assistant secretary of the Mutual Alliance Trust Company, being later promoted to the offices of secretary and treasurer, vice-president and president.

—New officers of New York Chapter, American Institute of Banking: President, A. W. Hudson, Empire Trust Company; vice-president, O. Howard Wolfe, American Bankers' Association; second vice-president, F. C. Riggs, National Newark Banking Company; secretary, H. S. Schultz; treasurer, H. M. Baldwin, Title Guarantee and Trust Company; chief consul, J. B. Birmingham, Citizens Central National Bank; secretary to board of consuls, T. H. Meehan, Farmers Loan and Trust Company; librarian, A. R. T. Young, Union Square Savings Bank. New members of the board of governors Henry Billman, North Side Bank of Brooklyn; J. A. Broderick, State Banking Department; Raymond B. Cox, Fourth National Bank; F. W. Ellsworth, Guaranty Trust Company; W. M. Hyne, Equitable Trust Company; H. H. Irish, National Park Bank; W. H. Milliken, Market and Fulton National Bank; J. A. Seaborg, Bankers Trust Company; H. S. Stubing, Lincoln National Bank; O. Howard Wolfe, American Bankers' Association.

—A branch of the Central Trust Company has been opened at the southwest corner of Forty-second street and Madison avenue.

—William T. James has been elected president of the Queens County Savings Bank, Flushing.

—The Broadway Trust Company has moved into its new quarters in the Woolworth Building Broadway and Park place.

—Wreckers recently tore down the old Drexel Building at Broad and Wall streets, which is to be replaced by the new $2,000,000 structure for J. P. Morgan & Co.

—The Aetna National Bank has been merged with the Broadway Trust Company. The Broadway Trust Company will increase its capital stock from $1,000,000 to $1,500,000, $100,000 of which is to be subscribed for by the stockholders. The balance will

be exchanged for Aetna National stock at the ratio of eight-tenths of one share for one share of Aetna stock.

—"A practical Way to Accomplish Banking and Currency Reform" was the subject of an address delivered recently by George G. Henry, of William Salomon & Co., before the Finance Forum.

—John T. Terry has been elected a director of the American Exchange National Bank, succeeding to the vacancy caused by the death of his father.

—William A. Law, first vice-president of the First National Bank, Philadelphia, Pa., has been unanimously endorsed by the State bankers' associations of Alabama, Tennessee and Florida for election as first vice-president of the American Bankers' Association at the convention to be held in Boston in October.

—Oscar A. Meyer of Albany (N. Y.) Chapter, American Institute of Banking, reports that the April business meeting of the chapter was of unusual interest. Notice was given of intention to amend the constitution so that bank officers and employees of neighboring cities may be eligible to membership, several applications from these places having been received. The nominating committee for the regular ticket reported for president, Oscar A. Meyer; vice-president, John C. O'Byrne; secretary, Harley Hotaling; treasurer, Harry Smith. The opposition placed in the field for president, C. Swan; vice-president, H. Kneip; secretary, A. Taylor; treasurer, J. Trowbridge.

George Plant, State Bank Examiner, read a paper on the State Banking Department. The subject of foreign exchange was very ably handled by J. C. O'Byrne.

At the class meetings held recently the chapter did review work, Professor Kennedy asking each member present a question that had been asked at previous A. I. B. examinations. The questions and the discussions arising from them have been of great practical value to those contemplating taking the examinations.

—The Peoples Bank of Buffalo, N. Y., will move into the banking offices located at the southwest corner of Main and Seneca streets, as soon as the offices are vacated by the Marine National Bank.

This move is necessary because the Peoples Bank has outgrown its present location on the opposite corner in the Birge Building. Its rapid growth has made it necessary for the bank to move to take extra floors. The new location will give one-third

larger space than the premises now occupied by the Peoples bank.

The old Marine National Bank building was purchased by President Arthur D. Bissell of the Peoples Bank and a number of gentlemen associated with him in the bank. The building was purchased in the interest of the Peoples Bank, which will take a long lease from the new owners and occupy it as their home. The building occupies sixty-three feet on Main st. and eighty feet on Seneca, running back to an alley, and giving light on three sides. It was recently practically remodeled by the Marine National and is one of the best equipped banking houses in the State. It has large modern safe-deposit vaults in the basement, which are included in the sale, and will be operated by the Peoples Bank as a part of their regular business.

The Peoples Bank was organized in 1889 and was for sixteen years located in the Coal and Iron Exchange on Washington street, during which period it flourished and finally outgrew its quarters, making necessary a removal, in 1905, to its present location, and now continued growth makes it necessary to find a still larger home.

The management of the Peoples Bank throughout its career have adopted policies which have resulted in steady growth and placed the bank in a very high position in popularity among Buffalo's business men. Courtesy is extended alike to large and small depositors. The needs of its customers are studied, and the management endeavor to meet them in every way. Close attention is given to detail and the desire is to furnish perfect service always. It has always been the policy of the management of the Peoples Bank to give individual service, so far as possible, to each depositor. They thoroughly believe in a larger Buffalo, as is demonstrated by their present step, moving to larger quarters, where they can more satisfactorily handle the business of their clientele. It is and has been their aim always to bring about the development of Buffalo by doing their share through constructive banking.

The officers and directors of the Peoples Bank are: A. D. Bissell, president; C. R. Huntley, vice-president; E. J. Newell, cashier; Howard Bissell, assistant cashier; C. G. Feil, assistant cashier. Directors, Charles F. Bishop, C. R. Huntley, John Hughes,

Daniel O'Day, R. W. Pomeroy, Frank S. McGraw, A. D. Sikes, W. W. Richardson, Watler P. Cooke, Frank E. Wattles and Arthur D. Bissell.

—The post-graduate class of Scranton (Pa.) Chapter, American Institute of Banking, composed of graduates of the institute, has been organized. Walter B. Kramer of the Lackawanna Trust and Safe Deposit Company, who is a candidate for secretary of the A. I. B., was elected chairman of the class. There are fourteen members, seven of whom are bank officers, as follows: M. J. Philbin, cashier Olyphant Bank; Thomas Gibbons, cashier Dime Bank, Pittston; Charles Ross, assistant cashier Traders National; George C. Nye, assistant treasurer Lackawanna Trust, and Alfred T. Hunt, assistant cashier of the First National Bank. Mr. Kramer is admirably equipped to successfully conduct the class.

Pittsburgh

—Fifty-four State banks and trust companies, out of a total of sixty under the direct supervision of the State Banking Department, recently reported deposits of $222,000,000, an increase of $21,640,000 in the last six months. Adding the deposits of the eighty-two national banks, the aggregate is $452,000,000, compared with $420,500,000 near the close of last year.

—In the review of commercial conditions in the Pittsburgh district, published by the People's National Bank, it is said that the statements of the twenty-eight national banks of Pittsburgh, as of April 4, disclose a new high mark for total deposits. The aggregate was $232,114,888, an increase of more than $6,000,000 over the February total and of more than $16,000,000 compared with the nearest corresponding date last year. Loans and discounts also established a new record, footing up $150,781,000, being an increase of $9,331,000 during the fifty-nine days between calls. The total resources of the national banks of Pittsburg are $312,516,000, held by twenty-eight institutions, which compares with only $70,696,000 held by thirty-one institutions in 1895.

—Hon. Lawrence O. Murray, who retired from the office of Comptroller of the Currency on May 28, at the close of his five-year term, has accepted the position of president of the United States Trust Company of Washington, D. C. This office has been held by E. E. Jordan, for whom the office of chairman of the board was created.

—The Utica (N. Y.) Trust and Deposit Company will occupy its new building at Genessee and Lafayette streets, some time during the current month.

—The following men were elected to the board of governors of Philadelphia Chapter, American Institute of Banking, at the annual meeting held on May 9: M. E. Benton, Land Title and Trust Company; A. G.

Felix, Central National Bank; N. T. Hayes, Philadelphia National Bank; W. A. Nickert, Eighth National Bank; W. T. Pratt, Security Trust Company, Camden, N. J.

Philadelphia

—Stockholders of the West End Trust Company have approved the plan for absorbing the Independence Trust Company and the merger has been ratified also by the stockholders of the last-named company. The name of the West End Trust Company will be retained. Deposits of the combined institutions aggregate about $6,000,000. Officers are: Horace A. Doan, chairman of the board; president, Charles B. Dunn; vice-presidents, Rodman Wanamaker and T. Ernest Richards; vice-president, treasurer and secretary, Charles E. Wolbert; vice-president, trust and real estate officer, John M. Strong.

—Newark, N. J., has a new trust company—the Washington—with $100,000 capital and $50,000 surplus. F. W. Egner and the firm of Eisele & King are interested. The location selected for it is 477 Broad street.

—The following officers have been elected to preside over Scranton Chapter, American Institute of Banking, for the ensuing year: President, Norris S. Swisher, Dime Deposit & Discount Bank; vice-president, J. Russell Jones, Traders National Bank; secretary, George F. Schantz, Lackawanna Trust and Safe Deposit Company; treasurer, Harry Ryan, First National Bank, Pittston, Pa.

Delegates to Richmond: Walter B. Kramer, delegate-at-large ; E. R. Krietner, Traders National Bank; M. J. Mooney, First National Bank, Olyphant, Pa.; Norris Swisher, Dime Bank, Scranton, Pa.; John Benfield, First National Bank, Pittston, Pa.

—Fred I. Kent, vice-president of the Bankers Trust Company of New York, addressed the Philadelphia Chapter of the American Institute of Banking recently on the subject of "Foreign Exchange." This is a subject on which Mr. Kent is an authority, and his address was listened to with great interest.

At this same meeting nominations were made for the board of governors of the chapter and for twenty-nine delegates to the annual convention at Richmond in September.

—The Wyoming National Bank, Wilkesbarre, Pa., has let the contract for its new building at Market and Franklin streets.

—Blomfield H. Minch, vice-president of the Bridgeton National Bank, was chosen president of the New Jersey State Bankers' Association, at its tenth annual session, Atlantic City, May 5.

NEW ENGLAND

Boston

—At the annual meeting of the National Bank Cashiers Association of Massachusetts the following officers were elected for the coming year: S. R. Stevens, of Marlboro, president; F. L. Oaks of South Framingham, first vice-president; H. C. Robinson, of Greenfield, second vice-president; F. B. Wheeler, of East Cambridge, treasurer; B. W. Guernsey, of Wellesley, secretary; John F. Tufts, of Watertown, A. J. Skinner, of Springfield, and C. S. Putnam, of Worcester, executive committee.

—Steps are being taken to organize the National Port-Terminal Bank in Boston, with a capital of $200,000. It is understood that it will locate somewhere in Dewey square, near the South Terminal Station.

—The new Fidelity Trust Company has opened for business in the Board of Trade Building, in quarters formerly occupied by the Fourth National Bank. A feature of the new institution will be the opening Saturday evenings to receive deposits from concerns in the market district of the city.

—Henry Hornblower of Hornblower & Weeks has been elected a director of the First National Bank of Boston to take the place of John W. Weeks, who resigns because of his election as a United States Senator.

—At the annual meeting of the Boston Chapter, American Institute of Banking, Robert H. Bean was re-elected president, and other officers elected as follows: Frank W. Bryant, first vice-president; P. P. Mason, second vice-president; Charles W. Stevens, treasurer; Elmer F. Littlefield, Gordon E. Musselman, Clarence A. Rathbone, E. Payson Upham and Fullerton C. Vose, board of governors for three years.

—The annual meeting of the Bank Officers Association of Boston was held May 21, and officers were elected as follows President, Bertram D. Blaisdell, cashier First National Bank; vice-presidents, Arthur B. Chapin, vice-president American Trust Company, and Arthur P. Stone, vice-presiuent Commonwealth Trust Company; secretary, Edwin A. Stone, Franklin Savings Bank; treasurer, Robert E. Hill, Webster and Atlas National; directors, for two years, Norman I. Adams, National Shawmut Bank; Arthur O. Yeames, Suffolk Savings Bank; trustee, for three years, George W. Grant, Old Colony Trust Company; auditor, for three years, Waldo F. Glidden, American Trust Company; auditor for two years, Arthur E. Fitch, National Union Bank.

—A building to cost about $15,000 will be erected by the Cape Cod Five Cents Savings Bank at Harwich Centre, Mass. The architect is Henry B. Alden, 15 Exchange street, Boston.

—The First National Bank of New Canaan, Conn., is to erect a modern bank building for its occupancy in the near future.

—An interesting joint meeting of the Bank Clerks' Mutual Benefit Association and Providence Chapter, American Institute of Banking, was held at Providence, R. I., on the evening of April 29, in the hall of the Masonic Temple, a reception preceding the dinner. Many of the leading bankers and business men of Providence were present as guests, and there were also guests from New York, Boston, Hartford and Philadelphia.

After the dinner, Alfred M. Mitchell, president of Providence Chapter of the American Institute of Banking, spoke in relation to the work done by the chapter in the past year, and concluded by introducing as the toastmaster of the evening, H. Howard Pepper, president of the Bank Clerks' Mutual Benefit Association of Providence and trust officer and assistant treasurer of the Industrial Trust Company. Mr. Pepper gave a sketch of the organization and progress of the Bank Clerks' Mutual Benefit Association, and then proceeded in a lighter vein, proving himself an especially witty toastmaster.

Addresses were made by B. D. Blaisdell, representing the Boston Bank Officers' Association; W. S. Evans, of Philadelphia, on behalf of the American Institute of Banking; Charles B. Wiggin, former president Boston Chapter, American Institute of Banking; Prof. George G. Wilson of Harvard University; Mayor Gainer of Providence; William E. Knox, comptroller of the Bowery Savings Bank, New York, and C. W. Barron of the Boston "News Bureau."

Besides the dinner and the speaking there were enjoyable entertainment features contributing to the success of the meeting and reflecting credit on the entertainment committee, made up as follows: Charles L. Eddy, Benjamin Peckham, Mathias W. Baker, Frank L. Sawyer, George S. Nichols, George G. Wood, Harry C. Owen and Edward A. Havens.

—The high cost of living notwithstanding, Massachusetts added last year nearly $36,500,000 to her savings deposits. She ranks second alone to New York in the matter of savings and considerably ahead of California, third among the States in this regard.

The interest paid by the Massachusetts savings banks during the year referred to amounted to $30,580,000.

—The Second National Bank of New Haven, Conn., has moved into its new building on Church st.

—The National Bank of Commerce of Providence, R. I., will move into new quarters in the Turks Head Building this fall.

—The South Norwalk (Conn.) Savings Bank has moved into its new building two doors below the old location, on East Washington street.

—The Woronoco Savings Bank of Westfield, Mass., has adopted the finger-print system of identfication.

—H. Howard Pepper of the Industrial Trust Company, Providence, has been elected president of the Bank Clerks' Mutual Benefit Association of that city.

—Governor Pothier of Rhode Island has been elected president of the Woonsocket Institution for Savings, succeeding to the place made vacant by the death of Col. Austin S. Cooke. He is president also of the Union Trust Company of Providence and is interested in several spinning concerns.

SOUTHERN STATES

—On May 7, Joseph W. Heffernan was elected a vice-president of the Hibernia Bank of Savannah, Ga., in place of Louis P. Hart, who declined re-election, but remains a member of the board. Mr. Heffernan is also cashier of the bank.

—The Inter-State Trust Company, capitalized at $500,000, has been organized at Rogers, Ark., with W. E. Talley, president, and George M. Jennings, secretary and treasurer.

—At a recent meeting of New Orleans Chapter, American Institute of Banking, the following officers were nominated for the ensuing year: John Dane, president, Hibernia Bank and Trust Company; W. S. Mulledy, vice-president, German-American Savings Bank and Trust Company; Joseph J. Farrell, secretary, Hibernia Bank and Trust Company; W. D. Parham, treasurer, Canal-Louisiana Bank and Trust Company.

Board of governors: C. A. Lamberton, Jr., Commercial-Germania Trust and Savings Bank; E. F. LeBreton, Canal-Louisiana Bank and Trust Company; F. Lloveras, City Bank and Trust Company; F. F. Michon, Whitney Central National Bank.

—At Columbia, South Carolina, there was recently opened the Homestead Bank, whose object is to relieve small borrowers from the exactions of loan sharks. It is to be operated under the "Morris plan," described as follows:

For every $50 or less to be borrowed, the borrower subscribes to a like amount of Class C certificates, which is hypothecated to secure his loan, and on this loan he pays

at the rate of $1 a week for each $50, no interest on the certificate being paid him while the certificate is hypothecated. The interest charged on the loan is the legal rate, and the period for which the loan is made is fifty-two weeks, unless otherwise arranged. As security for the loan the company requires two indorsers, or equivalent marketable collateral, satisfactory to the board of directors or the finance committee, together with the hypothecation of the "C" certificate or certificates to which the borrower has subscribed. If the borrower owns any of the investment certificates which the company sells, these are accepted as security to the extent of their book value, and in that case the borrower may not be required to furnish any other collateral or indorsers. Hence the general ownership of these certificates among the industrial classes is a natural evolution of the plan.

At the end of the fifty weeks the "C" certificate becomes fully paid up and equals the loan. The borrower's note becomes due two weeks later. At this time the borrower has three options: (1) He can pay his note if he prefers, from any independent source he may have and convert his "C" certificate, which is now released from hypothecation, into an investment certificate, bearing interest; (2) he may surrender his "C" certificate in cancellation of the note; (3) he may convert his "C" certificate into an investment certificate, and make thereon a new and independent loan, without indorsers, keeping up his weekly payments as before. Every borrower has the option, therefore, to become an investor, and every borrower has the opportunity to establish his credit.

—Richmond (Va.) Chapter of the American Institute of Banking held its regular monthly meeting, April 17, at the Jefferson Hotel. George Bryan, attorney for the Virginia Bankers' Association, who has often been called the chapter's best friend, gave a supplementary lecture to the course which he has been delivering during the past winter. Those who have been attending the meetings have certainly received much valuable information which will help them in their daily routine. Mr. Bryan's lectures have been on the "Negotiable Instruments Law," and the last one was on the law as it relates to the presentment and protest of commercial paper.

This being next to the last meeting of the season, nominations for officers for next year were called for. This resulted as follows: President, George H. Keesee and James M. Ball, Jr.; vice-president, W. M. Goddard and W. W. Dillard; secretary, Jesse Wood; treasurer, George Barnard and W. H. Kelley.

—Louisiana and Tennessee State and municipal bonds are made available for New York savings bank investments by a bill recently passed by the Legislature of that State.

—Arrangements have been made by which the Montgomery (Ala.) Bank and Trust Company has transferred to the Exchange National Bank all its commercial business and deposits, amounting to about $300,000. The Montgomery Bank and Trust Company will continue to conduct a trust business, its capital stock of $200,000 remaining intact. President T. E. Lovejoy, of the Montgomery Bank and Trust Company, will become a vice-president of the Exchange National Bank.

—At a recent election of San Antonio Chapter, American Institute of Banking, the following officers were elected for the ensuing year: F. V. Pancoast, president; Leb Ferguson, vice-president; T. V. Mueller, treasurer; Wilmer Jackson, secretary.

—H. B. Finch, assistant cashier of the Union National Bank, Houston, Texas, has been appointed manager of the Houston Clearing-House.

—The Department of Insurance and Banking of Texas has made public (May 1) a condensed statement of the State banks and trust companies. At the close of business, April 4, 1912, they numbered 776. Their capital was $29,451,000 and surplus and undivided profits, $9,251,793, a total of $38,702,793.

There are nineteen banks in the State, it appears, conducting savings departments.

—The Palmetto National Bank of Columbia, S. C., will occupy the first floor of the new Palmetto Building at Main and Washington streets, a fine modern sixteen-story structure, to cost $450,000.

—Rural credits will be one of the topics at the meeting of the Maryland State Bankers' Association, Blue Mountain House, Md., June 24 to 26. The conference will close with a banquet, at which John Skelton Williams, Assistant Treasurer of the United States, will be the principal speaker.

—A feature of interest at the annual meeting of the West Virginia State Bankers' Association, which is to be held at Elkins, that State, June 11 and 12, will be an address by Henry Gassaway Davis. Mr. Davis is ninety years old. He has seen banking develop from the crude and primitive stage. United States Treasurer Burke and former Governor Warfield of Maryland will also address the convention.

—Growth is reported by the American Trust Company, which was organized at Jacksonville, Fla., last January, with $200,000 capital. Only a trust company business is transacted, but the savings department

and lending on real estate have proved strong features.

The company's board of directors embraces the names of a number of Jacksonville's bankers and substantial business men. Fred W. Hoyt is its president; John H. Powell, vice-president of the Fourth National Bank of Jacksonville, is also its vice-president; Arthur T. Williams, prominent in the real estate line and a director in the Florida National Bank of Jacksonville, is secretary, and Wilson O. Boozer, formerly with the Barnett National Bank at Jacksonville, is the treasurer.

—At the convention of the Arkansas Bankers' Association, Little Rock, April 23 and 24, the following officers were elected: President, J. D. Covey, Bentonville; vice-president, J. K. Browning, Piggott; secretary, Robert E. Wait, Little Rock; treasurer, T. E. Brown, DeQueen. Delegates to American Bankers' convention: Thomas C. McRae, Prescott; J. G. Sudbury, Blytheville; John M. Davis, Little Rock; W. H. Garanflo, Little Rock; C. R. Breckenridge, Fort Smith. Alternates: George H. Bell, Nashville; C. C. Agee, Helena; J. E. Parr, Jonesboro; T. N. Neal, Russellville; E. E. Mitchell, Morrilton.

—At the convention of the Florida Bankers' Association, Jacksonville, April 24 and 25, the following officers were elected: President, S. A. Wood, DeLand; first vice-president, H. W. Bevins, Collman; second vice-president, J. Denham Byrd, Jacksonville; third vice-president, R. R. Turnbull, Monticello; fourth vice-president, W. L. Cauthon, DeFuniak Springs. Executive committee: W. E. Bell, Trenton; A. F. Perry, Jacksonville; J. M. Harvey, Tampa; A. E. Gerig, Ocala, Henry G. Aird, Jacksonville. Representatives to the next convention of the American Bankers' Association: D. J. Herrin, Jacksonville; Henry G. Aird, Jacksonville, and C. W. Lamar, Pensacola. George R. De Saussure, Jacksonville, was re-elected as secretary and treasurer.

—A suitable location has been bought for the erection of a new bank building by the Fourth and First National Bank, Nashville, Tenn.

—J. N. Fisher of Morristown, Tenn., has been appointed superintendent of Banks for that State, his term to begin January 1, 1914. He has been president of the City National Bank of Morristown and president also of the Tennessee Bankers' Association.

—Fred T. Collins of Milan has been elected president of the Tennessee State Bankers' Association; P. D. Houston, first vice-president; V. T. Roy, second vice-president; A. M. Chambers, third vice-president, and B. H. Blacklock, treasurer.

—The Louisiana Bankers' Association has elected the following officers for the ensuing year: H. D. Apgar, Monroe, president; Andrew Querbes, Shreveport, vice-president; L. O. Broussard, Abbeville, secretary; L. M. Pool, New Orleans, treasurer.

—A contract has been let for the new Germania Bank building in Memphis. It calls for a six-story structure of reinforced

concrete, with front of white terra cotta. It will occupy the site of the old Masonic Temple, Madison avenue and Second street.

WESTERN STATES

St. Louis

—Richard S. Hawes, vice-president of the Third National Bank, St. Louis, was elected president of the Association of Reserve City Bankers at the first annual convention of that organization held at St. Louis, April 19. The purpose of the association is, as the name implies, to consider matters of interest to banks in the reserve and central reserve cities.

—St. Louis Chapter of the American Institute of Banking, has elected these officers for the ensuing year: President, J. E. Uhrig, St. Louis Union Trust Company; vice-president, J. R. McCarthy, Commonwealth Trust Company; secretary-treasurer, F. J. Miller, Mercantile Trust Company.

The board of governors is composed of the officers and F. C. Ball, past president ex-officio; R. W. Bugbee, L. C. Bryan, H. W. Kroenung, W. C. Unger, H. C. Claudy, B. J. Lazar and H. W. Lange.

Fourteen delegates were named for the Richmond convention.

—During the next four years the Mercantile Trust Company of St. Louis will be the depository for fifty-four-eightieths of the funds of the State of Missouri. The trust company will pay to the State on daily balances an average interest of 3.87 per cent., the State's daily balance ranging between $2,000,000 and $5,000,000.

The Mercantile Trust Company was awarded the above amount of the State's funds in competitive bidding among thirty-seven other institutions, both large and small, and secured all but six-eightieths of the funds awarded by the State Board Fund Commissioners on the award made April 14, 1913.

—All of the Missouri State Capitol bonds not disposed of, approximately $2,500,000 in amount, were sold at par through Paul Brown & Co. of St. Louis to the Mercantile Trust Company of St. Louis. The Fund Commission of the State of Missouri paid to Paul Brown & Co. a commission of about $120,000 for handling the transaction. This was based in amount upon the $143,000 commission which the legislature agreed to pay to the Mississippi Valley Trust Company when it was negotiating for $3,000,000 of the bonds. Since that transaction fell through the Fund Commission has sold about $500,000 of the bonds, a larger portion going to depositories to be used as security for the funds of the State of Missouri. Under its contracts the State will receive an average of 3.65 per cent. interest upon its surplus moneys. The State capitol fund will go out to depositories like other funds and will be largely augmented by interest before it is needed by the State Capitol Commission. The State pays 3½ per cent. upon the bonds. this and the sinking fund for the retirement of the bonds at maturity being derived from a direct tax levy of two cents on the $100 valuation. The bonds run for thirteen years, but may be retired at the expiration of eight years. Paul Brown, president Paul Brown & Co., is director of the Mercantile Trust Company and likewise of the Mercantile National Bank of St. Louis.

—Members of the board of governors of the Investment Bankers' Association met for a conference in the board rooms of the Union Trust Company, St. Louis, May 16. Reports of standing committees were considered and a report to date of legislative matters affecting investments was presented. Headed by William R. Compton, vice-president of the Investment Bankers' Association, and assisted by J. Herndon Smith and Harold Kauffman, members of the board of governors, a committee of local St. Louis members had prepared elaborate entertainment for the visiting bankers.

—St. Louis has a new trust company, the Continental, with $100,000 capital half paid in. Incorporators: H. T. Ferris, H. D. Evans, R. B. Jones, N. R. Donnell and J. D. De Buchananne.

—At the annual dinner and election of the Kansas City Chapter, April 22, the following officers were elected: President, Joseph C. Jordon, Commonwealth National Bank; vice-president, H. L. Larson, Commercial National Bank; secretary, A. B. Eisenhower, Southwest National Bank of Commerce; treasurer, George W. Dillon, Commerce Trust Company.

The above, with the following, form the executive council: S. H. Hoefer, New England National Bank; C. A. Burkhardt, National Reserve Bank; D. A. McDonald, Title and Savings Trust Company.

The following were elected as delegates to the Richmond convention: C. W. Allendoerfer, First National Bank; P. A. Adam, Title and Savings Trust Company; H. L. Larson, Commercial National Bank; G. G. Moore, New England National Bank; A. B. Eisenhower, Southwest National Bank of Commerce.

—Interests connected with the National Bank of Commerce, Toledo, Ohio, have organized the Commerce Trust Company, and the new institution began business April 1 with $200,000 capital. S. D. Carr is president; W. W. Edwards and R. B. Crane, vice-presidents; A. H. Peiter, secretary and treasurer, and R. W. Kirkley, trust officer.

—State Bank Examiner H. S. Magraw has issued an abstract showing the condition on April 4 of the 144 State banks and twenty-three private banks in Montana. The ag-

gregate resources of these institutions was $55,223,104 and their average reserve 33.7 per cent.

—Consolidation of the Wayne County Savings Bank and the Home Savings Bank of Detroit has been effected under the title of the Wayne County Home Savings Bank, with $2,000,000 capital and a surplus of equal amount. Charles F. Collins will be chairman of the board and Julius H. Haass, president.

—For a bank that has been in business but one year, the German Trust and Savings Bank of Rock Island, Ill., makes an excellent showing in its statement of April 5, its capital being $200,000; surplus, $50,000; undivided profits, $6,133; individual deposits, $371,883, and total resources, $628,017. This statement was made before the completion of the first year, as the bank began business June 4, 1912. Its officers are: Otto Huber, president; J. L. Vernon, vice-president, and G. O. Hückstaedt, cashier.

Chicago

—The LaSalle Street Trust and Savings Bank has bought the Farwell Trust building and is refitting it for its own use.

—Commercial banking for a commercial bank and investment banking for investment banks—that is the policy of the National Bank of the Republic, Chicago, and the policy has succeeded, too, for the deposits have steadily mounted up each year since 1891—when the bank was established—until they now total $23,727,000, and all this time the bank, by sticking to commercial banking, has kept sound and strong.

W. T. Fenton, vice-president of the National Bank of the Republic, was largely instrumental in securing for Chicago the method of clearing-house examination of banks—a plan that gave the city honorable distinction and which has been widely copied.

—Robert Forgan, formerly cashier of the Mid City Trust and Savings Bank, has been chosen president of the new West Town State Bank.

—James B. Forgan, president of the First National Bank of Chicago, appeared recently as an expert on banking matters before the Committee on Banking and Commerce of the Canadian House of Commons at Ottawa. Much of his testimony there, as reported, would apply likewise to the solution of the banking question at Washington.

—W. I. Prince, former bank cashier and president of the Minnesota State Bankers' Association, has been elected mayor of Duluth, Minn., the first man chosen to that office under the new "commission plan," so called.

—The banks of Dayton, Ohio, one of the Western flood centres a few weeks ago, are back to normal conditions. The first day they reopened deposits exceeded withdrawals by $100,000.

—The National Bank of the Republic, Kansas City, Mo., has moved into new quarters at Tenth and Walnut streets, and fittingly celebrated the occasion. The appointments of these new premises are very handsome. They embrace fittings of Circassian walnut, lights hidden in the ceiling, counters of Greek marble and Mexican onyx, up-to-date money vaults and fixtures, and they may be truly described as the last word in the matter of modern banking conveniences and bank decoration.

—At a banquet of the Minnesota State Bankers' Association, Sixth District Group, on April 30, Howard Elliott, president of the Northern Pacific Railway, delivered an address on "Agriculture, Banking and Farming."

—This year's annual convention of the Wisconsin Bankers' Association will be held on board the steamer North America, June 21 to 24. The bankers will leave Milwaukee on June 21, go to Mackinac Islands and to Georgian Bay and return to Milwaukee.

—The Kansas State Bankers' Association will raise a fund of $6,000 for the family of Robert L. Brown, cashier of the Barnes State Bank, that State, who was shot and killed by a bank robber.

—Directors of the Guardian Savings and Trust Company, Cleveland, Ohio, have recommended to the shareholders an increase of 100 per cent. in the institution's capital and surplus—making each of these items $2,000,000. Deposits of the company now exceed $24,000,000.

—Michigan has 450 State banks and five trust companies. Bank Commissioner Edward H. Doyle reports that on April 4 the total resources of these institutions were $384,061,667.83.

—The Marshall & Ilsley Bank, Milwaukee, Wis., has completed and is now occupying its new bank building.

—Directors of the National Bank of Commerce, Detroit, have under consideration a proposition to increase the capital stock of the bank from $750,000 to $1,000,000.

—The National Bank of Commerce, Toledo, Ohio, has decided to erect a new building at Madison and St. Clair streets, to cost $600,000.

PACIFIC STATES

—San Francisco's growth is thus referred to in a recent Financial Letter of the American National Bank of that city:

"The month of April is peculiarly a period of retrospect in San Francisco. It was on an April morning seven years ago that the city suffered quite a little inconvenience from earthquake and conflagration, to say nothing of permanent loss amounting to some hundreds of millions of dollars. Nearly all of that portion of the city which was destroyed has been rebuilt in better and finer fashion, and the citizens have lost the habit of looking back with regret to the time 'before the fire,' preferring to look forward with pride to the much greater and grander city that will be shown to visitors who attend the Panama-Pacific Exposition in 1915. Merely as a suggestion of what has been accomplished, it may be cited that since April, 1906, building contracts have been entered into to the amount of $229,-

191,000, and permits have been granted for the erection of 44,136 buildings. The assessed valuation of real estate is greater than ever before in the history of the city.

"That the city is still growing in a normal way is evidenced by the fact that in the month of March new building construction was inaugurated to the amount of more than $3,300,000. With no speculative activity in real property, real estate sales during the month amounted to $6,489,676, the highest total of sales for any month in seven years. It is noted by real estate dealers that the acquisition of property is for the most part for purposes of improvement."

—The Crocker National Bank of San Francisco sends out with its compliments a convenient and effective check-perforator, which not only produces the desired figures in perforated outline, but at the same time inks them with a fluid that constitutes an additional safeguard against check-raising. Banks lose annually large sums on account of alteration of the figures in checks, and check-perforators have been relied on as one of the best protective devices. Their size has heretofore limited their use to the office, but the Page Check Protector which the Crocker National Bank has employed as one of its useful forms of bank publicity, is of a size and shape that permits its being conveniently carried in the pocket.

—The Bank of Italy of San Francisco has taken over the Park Bank of Los Angeles, and will conduct it as a branch. W. C. Durgin, former president of the Park Bank, will be the active manager.

—Officers and employees to the number of fifty, recently celebrated the thirty-first anniversary of the founding of the Fidelity National Bank, Spokane.

—In Oakland Chapter of the American Institute of Banking the class in practical and technical banking has been conducted during the past season by Frank C. Mortimer, cashier of the First National Bank of Berkeley. Contrary to the old Bible assertion that a "Prophet is not without honor save in his own country," ten of the men in this class are from Mr. Mortimer's own bank and all of these have this year successfully passed the examinations. Holders of the proficiency certificates must have passed an examination in banking in its several forms—practical and technical banking, commercial and banking law and the history of banking. At present there are three attaches of the First National Bank of Berkeley who have won this honor. These are the cashier, Frank C. Mortimer, and assistant cashiers, W. F. Morrish and G. T. Douglas. One of the students, W. F. Morrish, assistant cashier of the bank, was recently elected to the presidency of Oakland Chapter.

—Thomas Rodgers, clerk of the Exchange National Bank, Spokane, Wash., set a new record there lately by adding and listing correctly on the machine 100 checks in one minute and forty-one seconds.

—The souvenirs given those who attended the convention of the Nevada Bankers' Association, May 9 and 10, at Goldfield, were chunks or specimens of virgin gold.

—This concise evidence of growth appears in a late statement of the Northwestern National Bank, Portland, Oregon: "Opened for business, January 2, 1913; deposits at call, February 4, $1,776,537.84; deposits at call, April 4, $2,247,280.78; gain, $470,742.94."

—On April 4 the Union Trust and Savings Bank of Spokane, Washington, reported capital, $500,000; surplus and profits, $112,663; deposits, $707,056, and trust accounts, $5,093,774. The many-sided service of this institution includes these departments:—Trust, bond, insurance, banking, collection, savings, mortgage, real estate, foreign and safe deposit.

—Spokane Chapter, American Institute of Banking, held its annual election on April 16 and elected the following officers for the ensuing year: President, George C. Gage,

Exchange National Bank; vice-president, C. H. Hausken, Old National Bank; treasurer, L. G. Greene, Traders National Bank; financial secretary, E. B. Hutcheck, Old National Bank; recording secretary, F. B. Peach, Exchange National Bank; corresponding secretary, A. F. Brunkow, Union Trust and Savings Bank. Executive council, W. N. Baker, Trustee Company; Albert Kaye, Spokane & Eastern Trust Company; B. A. Russell, Washington Trust Company.

Delegate to national conventon, George C. Gage, Exchange National Bank; alternate delegate to national convention, C. H. Hausken, Old National Bank; delegate to State convention at Bellingham, Wash., W. E. Tollenaar, Old National Bank.

—On April 15, T. T. C. Gregory, attorney-at-law, was admitted to membership in the firm of Louis Sloss & Co., San Francisco.

—For the purpose of doing a general trust company business, the Bankers Trust Company has been organized by prominent financial interests at Salt Lake City, Utah, with $500,000 capital. W. W. Armstrong is president; John Dern, David Keith and W. Z. Harrison, vice-presidents, and Eugene Giles, secretary and treasurer.

—The annual election of Seattle Chapter, American Institute of Banking, held on April 15, resulted as follows: R. P. Callahan, president; R. H. Edelen, vice-president; H. A. Barton, secretary; L. L. Wold, treasurer.

Messrs. George Maine, G. A. Bruce, Walter Heath, J. L. Platt, along with James Valentine, the hold-over member, will serve the chapter as the board of governors.

—Announcement is made of the change of name of the All Night and Day Bank, Los Angeles, Cal., to the Hellman Commercial Trust and Savings Bank, and it is reported that this organization will hereafter include the Merchants Bank and Trust Company.

CANADIAN NOTES

—The Bank of Toronto, Riverdale Branch, Toronto, has moved to its new building, Queen street, east, and Logan avenue.

The Stratford Branch of this bank has also moved into new and well-appointed offices, facing the market square.

—Stockholders of the Home Bank of Canada, at their annual meeting on June 24, will vote on a proposition to increase the capital stock from $2,000,000 to $5,-000,000. A dividend of seven per cent. for three months ending May 31 has been announced.

—As usual the Annual Report (the forty-third) of the Royal Bank of Canada not only contains a statement of the bank's large and profitable business for the past year, but also a large amount of valuable statistical information in regard to the Dominion of Canada—it might, in fact, almost be called a Canadian year-book.

The Royal Bank of Canada has its head office at Montreal, with numerous branches in the Dominion, in the West Indies, the United States and Great Britain. The capital of the bank is $11,560,000; reserve fund, $12,560,000; deposits, $137,891,667, and total resources, $154,137,718.

—A sub-branch of the Bank of Toronto has been opened at Kerwood, Ontario, under the management of F. J. Gunne.

—The Kingston branch of the Bank of Ontario now occupies its new and finely-equipped office, corner of King and Brock streets, facing the market.

—A branch of the Quebec Bank has been opened at St. Catherine and St. Matthew streets, Montreal.

—Net profits of $1,125,971 for the year ended April 30 are shown in the annual statement of the Imperial Bank of Canada, compared with $1,004,340 for the previous

year. This is at the rate of about 16.58 on the paid-up capital stock at the end of the year, compared with 15.18 the previous year.

With the transferring of $1,000,000 to reserve that account is increased to $7,000,000. Paid-up capital is $6,788,169. A balance of $1,003,988 is carried forward. Deposits are $56,802,111, an increase of nearly two millions in the year.

Total assets of the bank have increased in the year in greater proportion than liabilities, the former being $77,964,108, against $73,751,667. Cash reserves are $22,754,556, or 36.20 per cent. of liabilities, while total liquid assets are $34,904,459, or 55.50 per cent. of liabilities.

Call loans in Canada are $3,135,507, slightly less than a year ago, while call loans abroad have nearly doubled to $2,000,000. Business loans of $40,502,600 show a very slight increase during the year.

—The Bank of British North America has opened a branch at Selkirk, Manitoba.

—The half-yearly statement of the Bank of Montreal, covering up to April 30, proved very satisfactory, being the best ever issued by the bank. Profits for the half-year, after deducting charges for management and making provision for bad and doubtful debts, were $1,299,646. This, compared with $1,236,399 a year ago, shows a gain of $63,307.

The percentage of liquid assets is strong. Assets total $245,435,044, compared with $236,927,519 a year ago.

Current loans show a big gain. The 1913 figures are $129,457,033.43; 1912, $115,157,029.55, the increase thus being $14,300,003.88. The balance carried forward to profit and loss is $892,461.36, compared with $696,463.27 a year ago.

Two dividends and a bonus of one per cent., payable June 1, took $960,000. Last year dividend disbursements were $945,780.70; last year $265,000 was expended on bank premises; this half-year the provision for bank premises totals $250,000.

—Several of the Canadian banks are putting up fine buildings for their head offices at Toronto. The new structures include a twenty-story building for the Royal Bank of Canada, one of twelve stories for the Dominion Bank, and also a modern home for the Canadian Bank of Commerce.

—The Bank of Montreal has opened a new branch in London, Eng., at 9 and 10 Waterloo place, Pall Mall, with E. B. Stewart in charge.

Why Should Banks Fail?

Of course banks must fail at times like any other human device. But it ought not to be such a hardship upon a community as it sometimes is. The bank is literally the heart of business life, and when it stops there is widespread suffering, without any reason. There is a perfectly simple way to avoid this. That is, by the guarantee fund. From this fund, when a bank closed, the depositors would be immediately paid in full, and the affairs of the bank then settled up in the usual way. The tax required to create this fund would be astonishingly small—perhaps one-twentieth of one per cent. on deposits for a few years. The mortality of our national banks has been remarkably slight. Of over ten thousand banks chartered since 1863, only a little over five hundred have actually failed. This is a total of five per cent. in nearly forty years. In this failing five per cent. depositors were paid eighty-two cents on the dollar. This meant an average loss of less than one twenty-fifth of one per cent. of all deposits per year. There is only one objection, or objector, to this guarantee fund. That is the big banker. Such a fund would greatly strengthen the small banks. And there is need that the small banks should be made stronger. Since 1900 a very large number of small national banks have been formed. These have never undergone a business depression except in 1907, which was too brief a test. The guarantee fund would not encourage wildcat banking. If, as many believe, a period of depression is likely to follow the present world-wide extravagance, there is a special reason why this fund ought to be created now.—*Collier's Weekly.*